No. 29,982

**EUROPE'S BUSINESS NEWSPAPER** Thursday July 17 1986

D 8523 B

#### Moscow May wins insists on summit Associated condition Dry Goods

World news

control progress as an essential

condition for agreeing to another Soviet-US summit.

Mr Eduard Shevardnadze, the Soviet Foreign Minister, made this clear at the end of a two-day official visit to Britain which has led to a oticeable thaw in Anglo-Soviet re-

He carefully avoided committing his government to a date for a sum-mit with the US, although he acknowledged that serious prepara-tions were under way. Page 12

#### East bloc concession

The Warsaw Pact announced an important concession at the European disarmament talks in Stockholm, agreeing to postpone discussion of air force activities, nne of the main stumbling blocks.

#### 'Spy' scientist

East Germany demanded the im-mediate return of a senior East German scientist it claims was kidnapped by Bonn's intelligence agents. Bonn says he is under investigation for spying.

#### Refugee dilemma

The tide of political refugees into West Germany has become an ex-plosive political issue in Bonn, putting considerable strain on its relations with East Germany, through which most of them arrive. Page 2

#### Pakistan praised

President Reagan lavished praise on Pakistan during a welcoming ceremony at the White House for Prime Minister Mohammad Khan Junejo, saying it was "stalwart in its opposition to the Soviet Union's brutal aggression in Afghanistan.

#### Mubarak's tour

President Hosni Mubarak of Egypt began a four nation European tour in Rome, seeking increased Western economic support for his heavily indebted country. Later, he arrived in Paris.

#### Warning by Aquino

President Corazon Aquino of the Philippines vowed to punish severely any military attempts to destabi-lise her five-month-old government and promised to continue her reform programme. Page 3

#### Halti death sentence

Haiti's former security police chief under the two Duvalier dictator-ships, Luc Desyr, was found guilty in Port-au-Prince of murder and torture and sentenced to death.

#### Arms fraud charge

A Washington jury indicted Litton Systems, a major arms contractor, and two firmer executives of systematically defrauding the US Defence Department of \$6.3m. The Justice Department said a \$15m penalty had been agreed. Page 4

#### Spacemen return

Soviet cosmonauts Leonid Kizim BURROUGHS, US computer comand Vladimir Solovyov returned to earth after 125 days in space preparing the Mir orbital station for eventual permanent manning.

#### Briton accused

Briton John Robinson and South African Kelvin Joubert are being held in Zamhia, accused of planning to supply South Africa with classified information about Zambia's crucial copper mining industry.

Miners feared dead Rescuers held little hope of finding alive 12 coalminers trapped underground at Moura in Queensland because of the presence of carbon

monoxide gas.

## battle for

Business summary :

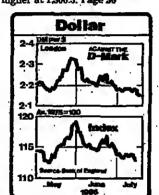
gest US department store group, has won its long running battle to take over Associated Dry Goods, fourth largest US department store group, with a sweetened offer worth around \$2.5bn. Page 13

BANKERS TRUST rounded off the second quarter results season of the big US money centre hanks with a 19 per cent increase in net income to \$104.2m. Page 13

WALL STREET: At 3pm the Dow Jones industrial average was 3.80 higher at 1,772.50. Page 36

TORYO: Prices were weaker and the Nikkei average fell 181.90 to 17,700.90, its first fall in four sessions. Page 36

LONDON: Equities lacked inspira-tion but gilts were boosted. The FT Ordinary share index closed 3. higher at 1,306.3. Page 36



DOLLAR fell in London to DM 2.1495 (DM 2.1660); FFr 6.9425 (FFr 6.9925); SFr 1,7420 (SFr 1.7595), and Y158.35 (Y159.45). On Bank of Eng-land figures the dollar's index fell to 112.9 from 113.3. Page 29

STERLING gained 1.8 cents in London to close at \$1.5135. It also rose to DM 3.2525 (DM 3.2400): FFr 10.5075 (FFr 10.4575); SFr 2.6375 (SFr 2.6300), and Y239.75 (Y238.50).

GOLD rose \$0.50 to \$347.25 oo the London bullion market. It also rose in Zurich to \$347.70 from \$346.20. In New York the Comex August

settlement was \$346.7. JAPAN said it would not participate in a Gatt investigation panel pro posed by the US, into Japanese import curbs on 12 agricultural products, said to include peanuts, fruit juices and prepared beef products.

WEST GERMANY relaxed telecommunications rules and said it would allow private companies to supply certain equipment such as modems.

**BONN** Government should speed up plans for a major tax reform, un-derpinned by cuts in subsidies and tax benefits, if it wants to consolidate its current steady economic upswing, according to an OECD re-

SCHERING, West German pharmacertical and chemical company, has sold its US fine chemicals subsidiary Nepera, to the CasChem group in New Jersey for an undisclosed

sum. Page 15 APPLE Computer, Silicon Valley personal computer manufacturer, reported sales and profit growth in its third fiscal quarter despite a general softness in the US personal

computer market. Page 13 pany whose recent merger agree-ment with Sperry will create the second biggest group in the indus-try after IBM, announced a 41 per cent increase in net income during the second quarter to \$76.2m (\$1.61 a share) from \$54.im (\$1.19 a share) in the same period a year earlier.

Page 13 BELGIUM'S biggest and most pow-erful industrial holding group, So-ciété Générale de Belgique, an-nounced total consolidated profits of BFr 5.33bu (\$119m), a 40 per cent increase on the 1984 figure. Page 15 BANQUE INDOSUEZ, internationally-operating French bank, has bought a majority stake in GNP Commodities, a financial trader on

the Chicago futures markets. Page 15 - CONTENTS

### Governments plan world crackdown on insider dealing

BY DAVID MARSH IN PARIS AND CLIVE WOLMAN IN LONDON

A SERIES of bilateral agreements aimed at cracking down on interna-tional securities fraud, in particular insider dealing, are expected to be signed in mid-September between the UK, the US, Japan, France and possibly other European countries. Mr John Shad, chairman of the Securities and Exchange Commission (SEC), the US stock markets watchdog, yesterday told a confer-ence in Paris that inter-governmental discussions were approach-ing a successful conclusion. His re-marks were confirmed by officials in Britain's Trade and Industry De-

The agreements, which the UK Government expects to be followed by a more formal set of treaties, would facilitate the exchange of in-formation between national regula-tory bodies about illicit trading in the securities markets of different countries. Among the more con-troversial issues that have not yet been fully resolved are whether one country would have the right to subpoena witnesses, search premises and seize documents relating to suspected fraudsters in another coun-

Britain's most active negotia-tions, which have involved Mr Michael Howard, the Corporate and Consumer Affairs Minister, heve been with the US.

tries over co-operation to combat ation to follow up investigations on commercial crime has mounted on the use of confidential information about a company to make an illicit stock market profit often using accounts in a foreign country, or at-tempts by the US Government to Accelerating enforce its ban on the export of defence-sensitive computer technolo-

gy to Warsaw Pact countries. agreements to facilitate co-operation with Japan, France - in the context of discussions about the involvement of London merchant banks in proposed French privatisa-tion issues - and the Netherlands. where telephone share-pushers have caused concern among the au-

The Washington-based SEC has led the way in demanding greater international co-operation. After several countries protested against its enforcement activities beyond US borders, it has recently adopted a more diplomatic approach. Mr Shad, speaking at the annual meeting of the International Asso-

ciation of Securities Commissions (IASCO), indicated that its new approach was now leading to result Mr Shad said that the SEC and the US Justice Department increas-Tension between the two coun-ingly needed international collabor-

several occasions over the past in the US by foreigners. In the three years. Many of the cases have same way, he suggested, foreign arisen either from "insider dealing," countries would need help and information from the US to crack down on possible abuses in their own markets originating from trad-

Accelerating electronic informa-tion, trading and settlement links between the world's stock exy to Warsaw Pact countries.

The UK has also been discussing crease in cross-border trading, he

> The number of companies with shares trading actively in more than one country, presently esti-mated at 473, could grow fivefold by 1990, he said.

Mr Shad called on foreign countries to lift bank secrecy rules and blocking statutes - which protect its citizens from being called as witnesses by the US justice authorities in cases where the regulations were being used as a cover for securities market crimes. "Criminals rarely invest in secre-

cy havens. They merely use them to conceal their illicit transactions," he Securities market regulators point out that international investi-

Continued on Page 12 Reform plans will sharpen regulatory teeth, Page 16

### Bank America tumbles to unexpected \$640m loss

BY WILLIAM HALL IN NEW YORK

two of the previous four quarters, have on our portfolio over time.

BANKAMERICA Corporation, the struggling west coast banking first quarter of 1986 and had been giznt, yesterday stunned Wall indicating that the worst was over. Street by announcing a \$640m sec-BankAmerica shares fell by \$% to

losses by \$600m to a total of \$2.2bn, principally from the impact of low-which would result in a net loss per share of \$4.25. Before the announcement, the group had been expected estate space in most markets and the proof of around \$60m, or the increasing stresses in the private sector of the world."

The news of the massive loss, which is second only to the \$1.2bn cognisant of the size of this in-

quarterly loss announced by Con-finental Illinois two years ago, shocked many Wall Street bank an-unmistakable reality of these condialysts. After losing over \$500m in tions and the effects they might

ond quarter loss, the second biggest and in heavy trading yesterday est loan loss reserve ration of any quarterly loss ever by a US commercial bank.

Mr Samuel Armacost, the group's ital ratio of 6.14 per cent was virtu-America's second biggest bank 46-year-old chief executive, said ally unchanged and within the reing group said that it was increase yesterday that the decision to ingulatory guidelines.

> that the corporation's liquidity and funding capacity remained strong. We have a newly constituted management team in place and it is addressing the issues before it aggressively," he said, adding that "the de-cisions taken during the quarter will accelerate our progress along

Continued on Page 12 Lex, Page 12; results round-np, Page 13

an agreed range through the opera-tion of a so-called "buffer stock" which will buy and sell cocoa.

Producers and consumers agreed

yesterday that the reference price -

#### **Pressure** on Reagan as Howe warns of sanctions

By Michael Cassell in London and Reginald Dale in Washington SIR GEOFFREY HOWE, Britain's

Foreign Secretary, yesterday gave an explicit warning that further economic measures against South Africa were likely if his mission to the country ends in failure.

Sir Geoffrey, who leaves today for the US for meetings with Mr George Shultz, the Secretary of State, and Vice President George Bush before going on to South Africa, told the House of Commons that international agreement on a new package of measures would have to be considered unless his talks

The South African Supreme Court rejected a legal challenge to the state of emergency but said that detainees should have access to lawyers, Page 12. President P. W. Botha, meanwhile, default of the courter of the state of the courter of the state of the same of the state of the finntly declared his government's goal of making the country selfsufficient to circumvent any international sanctions. Page 3

brought "tangible and substantial

orogress." Sir Geoffrey's statement represented the firmest indication yet that, despite its reluctance to im-pose additional measures on South Africa, the British Government could soon be forced to take further action if its latest initiative fails to bring a positive response from Pre-

Sir Geoffrey will find the Reagan Administration engaged in a diffi-cult rearguard action against mounting congressional pressure for tough new US sanctions against South Africa.

With sanctions legislation starting its journey through the Republi-can-led Senate, congressional lead-ers said that a large majority was now ready to vote for stringent anti-apartheid measures, which the Ad-ministration still strongly optoses.

The toughness of the measures, however, is likely to depend on how far the Administration comes up with new ideas on dealing with Pr toria in its current review of US South African policy. Mr Shultz is expected to present

an outline of the review's conclusions at a Senate Foreign Relations Committee next Wednesday. One Mr Armacost stressed yesterday | plan under consideration is the appointment of the first black US Ambassador to Pretoria, with Mr Ro-bert Brown, a North Carolina busiressman, the leading candidate. President Ronald Reagan, while

welcoming "constructive ideas" from Congress, has made it plain that he does not want to abandon Continued on Page 12

### Paris warned on foreign share stakes

BY DAVID HOUSEGO IN PARIS

THE EUROPEAN Commission has presided over by President Fran-informally warned the French Gov-cois Mitterrand, Mr Chirac took iseroment that key articles in its sue with the President's decision to

Britain's Lord Cockfield, commissioner for the internal market, made Brusseis' view clear to the privatisation decree submitted by the Paris government last week. The Commission was concerned in particular that the 15 per cent ceil-ing on foreign ownership in newly privatised groups would violate EEC legislation by discriminating between the French and other EEC

A French Government spokesman admitted yesterday "that these are things to discuss," but he ar-gued that the exceptional size of the French privatisation programme meant that it could not be treated on the same basis as the daily movements of capital within the EEC which are governed by the Treaty of Rome.

The fresh complication for the covernment's privatisation pro-pamme surfaced yesterday as Mr acques Chirac, the Prime Minister, confirmed that he would transform the privatisation decree into a law that will be put before the National Assembly this month.
At the weekly Cabinet meeting

privatisation proposals limiting refuse to sign the privatisation deshare ownership by foreigners run counter to EEC law. venting the nationalised sector from slipping into foreign hands. The government spokesman said that at moments an atmosphere of "heavy silence" reigned over the meeting.
Officials close to President Mit-

terrand claimed yesterday that the possibility that the privatisation de-cree could be declared illegal by the EEC Commission was one of the reasoos why he had refused to sign it. They said that this objection added to his belief that the decree left French nationalised groups too vulnerable to acquisition moves by

within the Community.

In a television hroadcast last night, Mr Chirac accused the President of defying the will of a majority of Frenchmen as expressed through the March 16 election results. sults. But he said that his government would not take the responsibility of provoking a political crisis thus attempting to minimise the conflict for the time being.

Continued on Page 12 Reluctant partners fall out, Page 2

#### Fears of intervention cushion dollar's fall

BY GEORGE GRAHAM IN LONDON AND CARLA RAPOPORT IN TOKYO

Y150 and DM 2.00, the dollar slid in Renewed evideoce of weakness Tokyo before steadying somewhat in the US economy from statistics in European trading. It closed in oo second-quarter gross national London at Y158.35, a drop of over Y1, and fell 1.85 pfennig to DM week, could send the dollar lower, 2.1495, its lowest closing price against the D-Mark for five years.

Relieved of the limelight by the the Bank of Japan, said that be did not expert the yen to contioue London at \$1.5135, a gain of 1.8 climbing against the dollar, but he cents, and rose by 1% prennig to said the Bank had "no inteotion" of DM 3.2525 against the West Ger-lowering its official discount rale many currency, which has strengfor the fourth time this year. Cur- thened recently against its partners

With mounting anxiety in West

FEARS of central bank interven- Germany that the current level of tion helped to prop the dollar up exchange rates could hurt German yesterday but could not prevent the exporters, as it has Japanese, trad-US currency from falling to a re-cord low against the yen.

Amid predictions from US econoBank of Japan in supporting the nists that it could fall as low as dollar through intervention.

rency traders said the Bank bought In the exchange rate mechanism of around \$100m yesterday to ease the dollar's fall.

Consumers miss out on windfall.

Page 12; money markets, Page 29

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#### Cocoa agreement reached BY WILLIAM DULLFORCE IN GENEVA AND ANDREW GOWERS IN LONDON

sence it aims to keep prices within

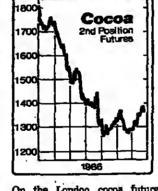
COCOA producing and consuming countries reached agreement yes-terday in Geneva on the essential elements of a five-year pact to stabilise world cocoa prices.

The achievement of a new International Cocoa Agreement, to replace the current pact when it ex-pires at the end of September, came at the fifth attempt. It followed an intense round of diplomatic activity particularly between the lvory Coast, the biggest cocoa producer, and France, its key European ally. The Ivory Coast refused to join

the present agreement, which has been inoperative since 1982, but has accepted the terms of the new one.

prise to many in the commodity markets, after the increasingly vo-

stabilisation agreements.



On the Londoo cocoa futures The successful outcome contrasts market, however, prices fell in reacwith the collapse of the International Tin Agreement last October and the severe difficulties being encounted (\$300 \) a torme at £1.384.50. Trad-

tered in talks on a renewal of the ers said expestations had been International Natural Rubber growing over the past few days that Agreement it will come as a sur- agreement would be reached, but some observers had expected the price support level to be ficked cal expression of doubts about the effectiveness of international priceslightly higher. Details of the agreement have

ter stability by dampening out exchange rate fluctuations, and was a key demand of the consuming coun-

around which prices are to be stabilised - should be 103 cents per lb This is a little higher than the level which consumers had wanted to set, but substantially below that called for by the producers. It compares with an International Cocoa Organisation (ICCO) daily indicator price yesterday of 91.75 cents. The two sides have agreed that prices in the new agreement should be expressed in Special Drawing Rights (SDRs) - the currency basket established by the International Monetary Fund (IMF) - rather than in dollars. This should impart grea-

Apart from the Ivory Coast, prod-ucing members of the new agree ment will include Nigeria, Ghana and Brazil. still to be worked out. But in es-

Commodities, Page 28

Nicaragua: pressure mounts Middle East: Arab world in Japan: consumers miss out Guinness: broken glass in Management: boost for UK Lombard: the cartel that Technology: AT&T causes a Lex: BankAmerica results: Editorial comment: fraud; Survey Soviet/UK moves ...... 10 Japan ...... Section III

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Arts - Reviews 9 

This emphasis on improving This emphasis on improving supply side incentives for growth is tha key message from the Paris-hased Organisation for Economic Co-operation and Development (OECD) in its latest — and not unreservedly admiring—annual report on tha eminently auccessful West German economy.

Although the organisation profession of the country of the coun

Although the organisation points out that external events, most notably the recant collapse in world oil prices, have given the Government a hig belping hand, Bonn is praised for its general handling of the economy since Chancellor Helmut Kohl and his Christian Democrat announced at the end of June Party took power in October that Bonn nlans to raise up to 1982. The OECD reckons that DM 4.5bn by selling off shares

WEST GERMANY'S ruling total domestic demand this year centre-right coalinon should speed up its plans for a major rent in each case), have probax reform, underplaned by cuts in subsidies and tax benefits, if it wishes to create that framework for a long-term continuation of the country's US for Bonn to take further direct massures—either by cutsuring interest rates or boosting direct massures—either by cut-ting interest rates or boosting public expenditure—to sumu-late the economy.

munications as priority targets.

The OECD notes that the Government's "privatisation"
programme has so far proceeded "very slowly," although
its remarks went to press
hefore Mr Gerhard Stoltenberg

MAIN OEC (In % at cons	MAIN OECD FORECASTS (in % at constant 1980 prices) 1985				
Private consumption	1.7	4.4	3		
Government consumption Fixed Investment:—	2.1	2.7	2		
construction (total)	-6.2	0.3	2		
machinery, equipment	9.3	10.1	10		
Final domestic demand	1.3	4.3	2 10 4		
Foreign balance:					
exports	7.2	2.7	2		
imports	4.7	5.4	6		
GNP	24	3.4	3		
GNP deflator	Σï	2.3	ō		
Private consumption deflator	<u> 20</u>	0.0	6 3 0 0 21		
Current balance (\$bn)	13.1	28.6	2ĭ		
Unamployment	9.7	7.0	7		

despite a weak first quarter, in the car company Volkswager growth might reach 3.5 par cent in 1986 and exceed 3 per cent next year, while inflation could well stay close to zero until the

Its growth expectations for this year contrast with those of several of West Germany's independent economic Institutes which have scaled down their forecasts to 2.5-3 per cent.

For the first time in several

years moreover, the report's authors hold out the genuine hope of a fall, however limited, in unemployment as private consumption and accelerating industrial investment take over from exports as the principal driving force behind the economy.

consumption and accelerating industrial investment take over from exports as the principal driving force behind the economy.

While the country's huge current account surplus is forecast to contract in 1987 to some \$21.6\text{thn from a record \$22.6\text{ton}}\$ to some \$21.6\text{thn from a record \$22.6\text{ton}}\$ this year, the total of jobless in relation to the total registered iabour force might fall to an average 7.3 per cent next year, compared to an expected 7.9 per cent in 1986 and 8.3 per lays on capital, as opposed to cent in 1985. This is notwithstanding a steady increasa in the overall number of those seeking work.

Thase likely trends, and powerful forecast increases in increase in increases in increase in increas

and the energy conglomerate VEBA. On subsidies, it concedes that

West Germany indulges in them prohably less than other major industrial nations. But it says it is "particularly regrettable" that so little progress has been achieved in reducing subsidies, which have if anything tended to increase sinca 1983.

The story is similar on the tax front. According to the report, the current two-stage package of tax cuts, totalling DM 20bn between 1986 and 1988, will do no more than com-pensate for higher fiscal drag

#### Poland prepares to free some political prisoners

well as minor criminal offenders as the problem of political could be freed, detainees persists.

well as minor criminal offenders could be freed.

How many political prisoners will he freed is still a matter for conjecture as officials have admitted that the amnasty will not be "automatic hut will contain special procedures for freeing detainees."

This suggests that prisonars will have to give promises of good conduct which will be difficult to elicit in the case of Solidarity leadars such as Mr Zbigniew Bujak, who was arrested at the end of May after four and a half yaars leading the underground.

A total amnesty, however, is as the problem of political detainees persists.

Speaking here at tha weekend, Mr Jozef Czyrek, a Communist party secretary, said that the law would "not be a classic amnesty but in practice it could make possible the freeing of all prisoners."

Detainces like Mr Wladyslaw Frasyniuk, a courageous and resourceful Solidarity leader from Wroclaw, also pose a stumbling hlock, having accumulated several political santanees to the detainees persists.

Speaking here at tha weekend, Mr Jozef Czyrek, a Communist party secretary, said that the law would "not be a classic amnesty but in practice it could make possible the freeing of all prisoners."

Detainces persists.

Speaking here at tha weekend, Mr Jozef Czyrek, a Communist party secretary, said that the law would "not be a classic amnesty but in practice it could make possible the freeing of all prisoners."

Detainces persists.

leading the underground.
A total amnesty, however, is crucial to the success of plana by General Wojciech Jaruzelski, the Potish leader to persuade prominent independent Roman

POLAND'S PARLIAMENT is Catholic leader, bas expressed due to pass an amnesty low interest in the idea but both today establishing the frame- he and the Individuals conwork under which the country's cerned ara aware that particl-300 or so political prisoners as pation will he difficult as long

this depends on the goodwill of all concerned." Mr Czyrek has said. The detainees must recognise, bowever, that the amnesty "is an act of good-will aimed at surmounting the catholics to join a new official will aimed at surmounting the advisory council which he wants to set up in order to broaden the basis of his support. Cardinal Jozef Glemp, the Polish activitica." is an act of goodwill aimed at surmounting the divisions in society and not an encouragement to engage in further opposition activitica."

#### David Housego describes how Mitterrand is resisting Chirac's frequent resort to decree law Reluctant marriage partners fall out

students of the constitution. On March 17—the day after Mr Jacquas Chirac's right-wing alliance won a majority in the parliamentary election — he published a tayman's guide to the constitutional Issues raised by the poll result which rapidly climbed high in the list of best-selling books. selling books.

It has been to Mr Duverger that the French bave bean turning in rerent days as the conflict over the Government's privatisation programma has again brought to the fore the issue of the balance of powar between President and Prime Minister under the institutions of the Fifth Republic.

President François Mitterrand asserted on Monday what he judged to be his constitutional judged to be his constitutional right in refusing to sign a decree on privatisation because it offered inadequate safeguards against the nation's wealth slipping into foreign bands. Yesterday, Mr Chirsc took issue in deciaring that only the cahinet bad the authority to decide whether a decree "expressly provided for in enahling legislation" was "opportune and well founded."

So far, however, two lessons

So far, however, two lessons have emerged from the affair. The first is that Mr Chirac seems to have made a tactical error in trying to short-cut Particular in the case to sign them. In the case of legislation that has been fully approvad by the Parllament he can only withold his signature for 15 days.

The Socialists used the case research the case of legislation that has been fully approvad by the Parllament he can only withold his signature for 15 days.

THE FRENCH constitutional liament by putting through expert. Mr Maurice Duverger, had the foresight some while ago to see that "cohahitation" the first laws to have been probetween a Socialist President and a right-wing Government would turn his countrymen into students of the constitution. On companies to obtain administrative approval before declared to the constitution of the companies to obtain administrative approval before declared. on companies to obtain administrative approval before declaring redundancies—a measura that was approved through pormal parliamantary procedures.

> The second lesson is that Mr Mitterrand, in the open con-flict now surfacing with Mr Chirac, is presenting himself as the defender of Parliament's rights against a government which has tried to steamroller legislation through it. "It is up to Parllament to decide," said Mr Mittarrand on Monday.

On taking power in March, Mr Chirac envisaged carrying out key parts of his govern-ment's economic programme by decrea hecause he bas a decrea necause he has a majority of only threa in the National Assembly and he feared that his administration's image would be damaged by long, acrimonious debates.



French Industry Minister Alain Madelin (left), Economy Minister Edouard Balladur (centre) and Prime Minister Jacques Chiirac leave the Elysee after yesterday's weekly cabinet meeting.

coming to power in 1981 to Chirac thus presented Parliahastan through such measures ment in the spring with an as reducing the working week to 39 bours and introducing a This covered the privatisation "opportune and well founded." of legislation that bas heen So far, however, two lessons have emerged from the affair. The first is that Mr Chirac signature for 15 days.

The first is that Mr Chirac signature for 15 days.

The Socialists used the decrea error in trying to short-cut Par-

stimulate youth nmployment.
At that stage Mr Mittarrand indicated that he would not indicated that he would not approve a decree easing redundancy procedures—which was thus incorporated into normal lagislation. He also said that he would not sign decrees denationalising industries taken over by the state before 1981—and which include the three main insurance commanies and main insurana companies and tha threa largest banks.

Mr Chirac got round this difficulty by including the full list of the 65 companies to be privatised in the enabling legislation-which Mr Mitterrand could only delay by 15 days at

In practice, the enabling lagislation took much longer to get through the National Assembly than the Government had intended beacuse of the large number of amendments put down by the Socialists. Mr Chirac curtailed debate on the hill in mid-May by transforming it into an issue of confidence in the National Assembly, Since then, be has used the same procedural technique the same procedural technique to hasten other legislation— hence Mr Mitterrand's charge that he is abusing Parliament.

The Government's main fear was that the measure would fall foul of the Constitutional Council—the supreme indicial organisation. But the Council

tion "presarve national Indepandence."
With this obstacle passed

With this obstacle passed.

Ministers breathed a sigh of reliaf end notwithstanding the rumhlings from the Elysee beliaved that Mr Mitterrand would sign the decree. This was being prepared in the meantima, setting out the details of how privatisation was to be carried through.

The decree sets out the mechanism on key issues such as how the groups' worth will be assessed, the membership of the commission, the rules governing the purchase of shares by foreigners, methods of payment ond share participation by employees.

by employees.
It is this decrea that is now It is this decrea that is now to be incorporated into fresh legislation which will be put to the cabinat next week and then presented to the National Assembly before the end of the month. There is little doubt that Mr Chirac will transform it into a vote of confidence—thus guillotlning debate in the Assembly—but it will still bave to pass again before the Constitutional Council and the Senate. Mr Chirac's hope is thus to get Mr Chirac's hope is thus to get it out of the way before Parlia-ment breaks up in mld-August but at the cost of shalving other

legislation.
The government believes that
Mr Mitterrand's tactics have
heen "obstructionist." Mr
Mitterrand says ha is defending the national interest. In the and it will be the voters who will arbitrate in the conflict through elections next year or in 1988.

Paris sees

spending

By Our Paris Correspo

THE FRENCH Government is

projecting a decline in public spending in real terms next

year under preliminary budget proposals drafted by the Ministry of Finance. Mr Alain Juppe, the Minister for the Budget, disclosed yester-

fall in

### Early vote

looms

in Italy

MR GIULIO ANDREOTTI, veteran Christian Democrat who was asked last week to try to form an Italian Government, reports within the next 24 hours to President Francesco Cossiga amid rising speculation about the possibility of an Interim government to pave the way for an early general election.

This could come possibly as early as the sntumn or next spring,

Mr Andreotti has been faced with the refusal by the Socialist party of caretaker Prime Minister Bettino Craxi to support his efforts. The latter resigned three weeks ago following a parlia-mentary defeat, after leading Italy's longest lasting government since the wsr.

The Christlan Democrat leader, Mr Ciriaco de Mita, said yesterday the only way to resolve the impasse would be "hy seeking a different soln(lon."

In what was seen as a fresh sign of flexibility Mr de Mita spoke of the need to agree jointly with the Socialists on "a programme and a candidate (for Prime Mini-

At today's meeting with President Cossiga, Mr Tudre-otti could ask for more time. An official of the Christian Democrat party in Rome warned, however, that "while Mr Andreotti has the full support of his party, Mr De Mito has indicated that the views of other parties must also be taken into consideration.

The other parties of the coalition which lasted for nearly three years, hove all indicated that they will only support a renewed five-party alliance.

The Social Democrats and the Social Democrats and Liberals have allied them-seives closely with the Socialists, who are demanding that Mr Craxi be givan a given a chance to form a naw government.

Mr Glovanni Hpadolini, leader of the Republican party, bad said he is "confident" a solution to the crisis will be found without recourse to an early election. When asked whether he him-self might bead a new government as o compromise candi-date, Mr Spadolini replied that nothing is impossible." Mr Craxi and Mr Andreotti

were brought together yester-day for their first face-to-face talks during o stote inneheon for President Hosni Muharak of Egypt who spent several years in Rome yesterday President Hosni Muharak

### EEC short of cash to help steel regions

BY PAUL CHEESERIGHT IN BRUSSELS

DEMAND FOR loans in regions saeking new industry in the wake of the downturn in steel is outstripping available Euro-pean Community funds, made available to help national

The European Commission yesterdsy made clear that it would be looking to the hardpressed Regional Fund for more cash to bolster the finance heing provided from the European Coal and Steel Com-

munity.
At the same time, responding to the lower level of interest rates on the financial markets, it reduced the level of interest rate relates it is offering on Coal and Steel Community loans which are made at close to commercial rates.

BY OUR BRUSSELS STAFF

Capital leaves

CAPITAL FLOWING out of the

Netherlands jumped to an unusually high Fl 5.3bn

(£1.47bn) in the first quarter of

this year mostly due to securities transactions tha central bank said yesterday.

The figure for the whole of last year was Fl 10.1hn.

During the first quartar, Dutch intarest rotas offared a

smaller premium than usual ovar West German ones and

the Amsterdam stock exchange

performed poorly.

A continuation of the drain

this year could hurt the country's balance of payments, which generally shows a health surplus.

**Netherlands** 

at high rate

European Community foreign ministers are expected to send a strong warning to Tokyo over trade tensions next week in an unusual move to influence tha formation of a new Japanese government, diplomats told Reuter in

Brussels yesterdsy. Record trade imbalances in Japan's favour since the start of the year have fuelled EEC worries about the lack of pro-

THE EUROPEAN Commission movad yesterday to make it casier for companies to become established throughout the established throughout the EEC by proposing measures to simplify the publication of accounts hy hraneb companies. It proposed in effect that the publication of separate accounts by a hraneh company should not he demanded by the authorities of the country where that hraneh has been established. Instead, the accounts of tha parent estab.

Commission proposals on branch accounts

THE EUROPEAN Commission lishing the hranch would be When the Commission last year the authorities of a country movad yesterday to make it registered. When the Commission last year the authorities of a country published its White Paper on where a hranch is established

Fall in Swiss wholesale

prices largest for years

SWISS WHOLESALE prices The prices of primary have registered their biggest materials and semi-manufacannual fall in eight years. A tures decreased by 3.3 per cent decline of 0.4 per cent in the index last month gives a 4.2 index for consumer goods rose per cent decrease over the 12 by 0.4 per cent. Imported goods fell by 11.1 per cent in price compared with a decrease of

BY WILLIAM DULLPORCE IN GENEYA

The Federal Office for Industry, Crafts and Labour reported at the same time a further decrease in the already low number of people without jobs, to 23.305 at the end of June. This gives a Swiss unemployment rate of 0.8 per cent.

A 16.6 per cent decline in

prices for energy products is the main factor in the 12-month

health surplus.

The rentral bank also worned that money crestion (bank lending which exceeds horrowing) is still running far above accepteble levels: 15 per cent in the first three months the povernment.

cent in the first three months the government.

gress in Tokyo's efforts to liberalise its economy in line with its major industrialised partners, they said. Community states were therefore hoping to influence

the formation of a new government as leaders of its dominant Liberal Democratic Party jostle for power following the July 7 general election.

July 1985, it made what it to he around Ecus 900m putcalled a political commitment ting hudgetary strain on the to the industrial reconversion Coal and Steel Community. of the steel-making areas.

When it made that committees before interest for linear there is a state of the steel-making areas.

For this year there is the steel-making areas.

The interest rehate is heing reduced to 3 per cent from 5 per cent for loans to official organisations, like development authorities, and to 2 per cent from 3 per cent for direct loans to companies. This sort of financing, the

Commission said, will be confined to the areas most seriously damaged by steel indus-try job losses, Over the last decade these have climbed to more than 400,000 in the Community.

The areas covered in the UK are the Stratbclyde region, the Northeast, Yorkshire and Humberside and North and South Wales. West German areas involved are the Ruhr, the Saarlands, Braunchweig and

for the Budget, disclosed yesterday that the Government
expected s public expenditure
outlay of FFr 1,060bn (£96.3hn),
a decrease on this year's total.
Mr Juppe said he was pianning tax cuts of nearly FFr
25bn and a reduction of FFr
15bn in the hudget deficit.
The only major spending
department without an expenditure ceiling was defence.
Mr Juppe anticipated that
armed forces spending would
decline in real terms—reflecting

decline in real terms—reflecting in part lower energy cosis—but that equipment expenditure would rise, producing a 5 per cent increase in volume terms.

The expenditure side of the budget should he finalised hefore the end of the month. out to the Cahinet in September, will ha the main item on the Parliament's autumn agenda. An investment scheme to give French companies accass to cheap credit looks likely to be scrapped as part of the right-wing Government's efforts to put industrial policy on a new footing.

The Industrial Modernisation

Fund (FIM), set up by the Socialist Government in 1983. distributed about FFr 18bn of subsidised credit in its first two years of operation.

The scheme has already attracted criticism from the EEC Commission. It says big companies like the Renault and Peugeot car concerns, have been given on unfair advantage over competitors in the Commission of the munity becsuse of tha cash

they have received.

Although no formal decision has yet been announced. Mr. Alain Madelin, the Industry Minister, appears to have decided to disband the FIM in a bld to gear government indus-trial aid mainly to small and medium sized companies.

Mr Madelin also plans to encourage Anvar, the government body promoting technological innovation, which distributes casb under the FIM scheme, to reorientate its policies towards helping small

businesses.
The FIM, which is funded through tax free savings deposits collected in the banklng system, was set up by Mr Laurent Fahius, the former Prime Minister, when he was Industry Minister three years

Its creation was criticised at the time by the Finance Ministry. which saw the fund as escaping the centralised control which the French Treasury normally exercises over the financing of industry.

### Tide of refugees threatens to swamp West Germany's hospitality

BY RUPERT CORNWELL

THE APPARENTLY uncheckable tide of political refugees and explosive political issue here, putting immense strain not only on the ability of West Germany to cope with them, but also on Bonn's relations with East Germany, through which most of the would-be asylum seekers transit.

In the first aix months of this year, no less than 42,268 people able—100,000.

Handling the refugees alreody costs Bonn at least DM in (£300m) a year. The make-shift camps which receive them are busting at the seams, and not only in Berlin, where the manded emergency measures from Bonn to staunch the Bood.

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In the first aix months of this year, no less than 42,268 people able—100,000.

Handling the refugees alreody costs Bonn at least DM in (£300m) a year. The make-busting at the seams, and not only in Berlin, where the people were seriously Injured early yesterday after violent clashes between Ghanaians and Lehancse.

Even more serious, however, are the possible diplomatic repercussions of the crisis, both to improve the links between the status of Borlin.

The first aix months of this year, no less than 42,268 people able—100,000.

In the first aix months of this year, no less than 42,268 people arrived in West Germany, serious incidents have erupted between different ethnic groups mainly from Asia, Africa and the Middle East, seeking asylum under the country's liheral refugee laws. Last weekend olone, 600 came across Berlin late, the Western Sector and the Western Sector and the country is the country in the country in the country in the country is the country in the country in the country in the country is the country in the country in the country in the country is the country in the country in the country in the country in the country is the country in the country is the country in the country i into the Western Sector, and the Government fears that the total for 1986 mighi reach an other centre, close to Mainz in

At this point Bonn, the prisoner of the generous asylum provisions of the modern West German "basic law" or conpowers of Britain, France and the US.

Were they to do so Fast

the status of Berlin.

The fact that the flood has been mainly, and seemingly deliberately, channelled through the divided city by the East Germans has raised the strong suspicion that East Berlin has "international frontier." Only another bid to force de facto changes in the status of the "frontier" running through it.

The fact that the flood has been mainly, and seemingly deliberately, channelled through the divided city by the East Germany would be able to claim a small victory in its matter is not for it, but for campaign to elevete the partision of Berlin into a fullscale international frontier. Only five weeks ogo, an attempted step in this direction was foiled.

The fact that the flood has been mainly, and seemingly deliberately, channelled through the divided city by the East Germany would be able to claim a small victory in its matter is not for it, but for "economie," seeking only a the three western powers who govern West Berlin, to settle.

The options open to the West German Government are not oppetisting. To provoke a show down with East Germany could endanger carefully nurtured can be lengthy and expensive.

offering flights to Berlin with the guarantee of passage there-after to the west. But all efforts to seek o negotiated solution here foundered on East Berlin's insistence that the matter is not for it, but for the three western powers who govern West Berlin, to settle.

to withdraw requirements that diplomats based there showed their passports at the frontier when crossing to West Berlin.

What has especially engraged Bonn are advertisements placed by Interflug, the East German alrline, in countries like Ghana, offering flights to Berlin with the sugarantee of passage there. that "those persecuted politically enjoy the right of asylum." But liberals and left-livingers resist this.

In fact, many of the refugees are less "political" then "economic," seeking only a better life in the West, and relatively few are finally granted asylum. But the bureaucracy of processing them, and the subsequent right of oppool, means that the sifting of moreol, means the means that the sifting of the means that the sifting of the deadlock in US-backed United Nations peace efforts for Cyprus, they are piuming their hopes for a piuming the deadlock in US-backed United Nations peace efforts for Cyprus. The deadlock in use in the deadlock in u

fell by 11.1 per cent in price compared with a decrease of only 1.3 per cent in the prices of goods produced domestically.

An industrial census taken

by the Federal Office last Sep-tember shows e declin of 55

in the number of Swiss enterprises over the preceding 12 months but an increase of 1.8 per cent or 11.969 in the number of people employed in

The alrgest increase in num-

ber, 6,850, was recorded in the machine engineering industry while watchmaking registered

#### Concession by East bloc at security talks By John Burton in Stockholm

from demanding more infor-mation than the parent itself is bound to provide in another

But while this and other preceding measures are seen in Brussels as helping the free

flow of commerce throughout

the Community, the glaring omission in the law from the

Commission's point of view is

a European company statute.

country,

THE WARSAW PACT yester-day made what Wastern diplo-mets termed an important concession when it dropped its demond that military activity in the air should be covered in the negotietions at the Euro-pean Security Conference in

The ennouncement by the chief Polish delegata, Mr Wlodzimierz Konarski, injected fresh hope that some sort of agree-ment might be reached before ment might be reached before
the conference ends on September 19. There has been growlng pessimism that with a stalemate in negotiations the conference could fail.

The conference, which includes the US and Canada and

all the European countries except Albania, is negotiating a series of confidence — and-security—building measures to redure the risk of war The Soviet demend that mili-The Soviet demend that mili-tary activity in the air should be included in the measures has been one of the most diffi-cult questions. It proposed that all "independent" military Bight activity above e set limit should be subject to the notifi-cation process.

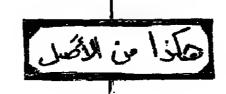
cation process. Nato bas opposed the pro-posal, explaining it is nearly impossible to verify.

Greek Cypriots seek Soviet and EEC help

Andriana Athens. Ierodiaconou

FINANCIAL TIMES FINANCIAL TIMES

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### Botha challenges sanctions with jet fighter

BY BERNARD SIMON IN JOHANNESBURG

national sanctions.

Launching a reconstructed "If it is expected of us to wealth heads of state to discuss the imposition of sanctions and a gas turbine engine with Mirage III jet which has been flown by the South-African Air enough so that we can also flow on review to forge other essential goods at the Cheetah, as an example of South Africa's ability to so that the air force was onder to escape sanctions. We exploiting the self-interest of sales and a gas turbine engine with manned reconnaissance drone wealth heads of state to discuss the imposition of sanctions. Mr Botha cited the reconstructed Mirage, to be known as the Cheetah, as an example of South Africa's ability to the sale of South Africa's abil are not a nation of jellyfish."

He bluntly affirmed Pretoria's

#### **Emigration** at record level

By Our Johan

EMIGRATION from South Africa has reached record levels, heightening concern at the escalating drain of skilled According to the Government's Central Statistical Serment's Central Statistical Services, the number of emigrant sourced to 4,760 in the first four months of this year from 2,948 in January-April 1985. Immigrant numbers fell from 7,959 to 2,603. The net loss of 2,157 is more than double the previous record set in 1973 when unrest in black townships and a decressed economy prampted a depressed economy prompted many whites to leave.

About one-sixth of emigrants

About one-sixth of emigrants in the first four months of this year were profesisonal and technical workers, including substantial numbers of engineers and accountants. One local accountancy firm estimates that ebout 1,000 chartered accountants lists left the country in the nast few years.

immigration laws and e similar climate and lifestyle to those climate and lifestyle to those enjoyed in South Africa.
Other leading emigrant been sifted and provided hy destinations, are Britair, the Government's Bureau for Canada and the US.

SOUTH AFRICAN President goal of increasing local selfP. W. Botha used the unveiling sufficiency and making use of a partly South African designed fighter aircraft yester day to deliver one of the Pretoria Government's most force of us to forgo essential mannful statements on its determination to resist international sanctions.

Launching a reconstructed of the arms embargo. Gen sanctions against curement and manufacturing in the chief of the agency Armscor to overcome agency Armscor to overcome to descript the manufacturing in the chief of the manufacturing agency Armscor to overcome to overcome to overcome to overcome to overcome agency Armscor to overcome to overcome to overcome the manufacturing in the next few weeks the manufacturing in the next few weeks the manufacturing agency Armscor to overcome to overcome to overcome to overcome to overcome to overcome the manufacturing in the next few weeks the manufacturing agency Armscor to overcome to overcome to overcome to overcome to overcome agency Armscor to overcome agency Armscor to overcome agency Armscor to overcome t

thers."

of military products developed for the ageing Mirages, which
The intense international by the state-owned weapons pro- were bought before France

Armscor declined to give details of modifications made to the Mirage, beyond saying that half the aircraft has been re-constructed and that it has been fitted with all-South African weapons systems.

According to the London based International Institute for Strategic Studies, the South African air force has 98 Mirage

Bernard Simon looks at key weapons of the Bureau of Information

### Academics 'prove' emergency works

tered accountants have left the country in the past few years.

Were it not for e weak rand and exchange controls the outflow of emigrants would almost certainly have been considerably greater. Emigration is a constant topic of conversation among middle and upper in e o me English-speaking whites.

Australia appears to be the most popular destination, thanks to its relatively liberal immigration laws and e similar climate and lifestyle to those

AS South Africa's state of emergency enters its second month two bearded Afrikaner academics have emerged as key weapons in the Government's efforts to show the world that its tough tactics are paying dividends.

Dr Kobus Neethling and Mr David Venter, both researchers at the Government's Bureau of information in Pretoria, are employed to give the state of emergency e scientific interpretation.

With bsckgrounds in child psychology and education (Dr Neethling has a doctorate in children's literature), they eppear regularly at the bureau'e press briefings and on local television armed with an array of statistics, charts and tables which are meant to prove that the emergency is achieving its

the detentions have exacerbated shop-floor tensions and complicated labour negotiations. According to lawyers and township residents, the crack-down does eppear to have led for the time being to a lower level of violence in most urban

On the other hand, there is evidence of mounting tensions in some rural parts of the country. The police shot dead 10 suspected African Netional Congress insurgents in two

separate incidents in the Eastern Cape and Northwest Transvaal last week. Many of the incidents reported by the bureau have taken place in the impoverished KwaNdebele homeland outside Pretoria, where tempers have been roused by Government plans to give "independence" to the postage-stamp territory later this year.

Dr Neethling asserts that "terrorist-related incidents" need to be seen in their proper perspective." He and Mr Venter break their statistics. down into geographical areas and types of incidents. Among the half-dozen charts

which accompanied a burean press release last week was one dividing "incidents" into eight categories, ranging from mur-der and arson to intimidation, illegal gatherings and "other." The method used to count acts of intimidation is unclear. Mr Venter told his television

audience that it is "very in-teresting" that 7.9 per cent of incidents in the past month were robberies. "It's very diffi-cult to distinguish unrest in-cidents from common crime," he argued . The fact that 46.8 per cent

#### **VIOLENCE LEAVES 12 DEAD**

Twelve blacks were killed in political violence in South Africa yesterday, one of the worst casualty tolks since the country's state of emergency was declared last month, the government Eureau for Infor-mation told Reuter. Nine of

the dead were found by police in a partially burnt house in KwaNdebele homeland north of Pretoria. "It is believed that the men were shot with an AK-47 ride and then set alight together with the house," the bureau said.

of incidents took place in three areas (the East Rand, the Eastern Cape and Kwalvdebele) shows that "the greatest part of the country is in relative calm," Mr Venter said.

According to the two researchers, a higher number of deaths among security forces should not necessarily be interpreted as a sign of greater me.

should not necessarily be inter-preted as a sign of greater suc-cess for the Government's opponents. Rather, it reflects the tough job the police have in separating black combatants "who are very aggressive to-wards each other."

wards each other."
Dr Neethling, who said in an interview that he and Mr Venter come from "the creativity school (of behavioural psychology)," concedes that measuring a state of emergency in not are events of emergency." is not an exact science. "You can't measure any situation like this only by means of concrete data," be says. "There are also people'e emotions and aspira-

The two men are thus trying to improve their techniques with the aim, according to Dr Neethling, of analysing data pertaining to the psychological climate." They have commissioned universities and re-search groups to conduct sur-veys on such topics as South Africans' "perception of leader-ship" and their sense of safety.

No one should be surprised if these surveys reinforce the rosy findings of the past few weeks. Dr Neethling says that "if you extrapolate (the recent) trend into the future, I believe one can look forward to a climate in which meaningful

#### Aquino says she will press on with reform

PRESIDENT Corazon Aguino of the Philippines yesterday yowed to punish severely any military attempts to destabilise her five-month-old government and promised to continue her reform pro-

She was speaking on telesign was speaking on ten-vision ten days after Mr Arturo Tolentino, a political ally of the ousted President Ferdinand Marcos, proclaimed himself acting president with the support of armed military units and thousands of Marcos localists.

The coup attempt collapsed within 36 bours when the rebels accepted a government ultimatum and left the Manila Hotel, which they had taken over. But no one has since been punished, and the affair led to a big row at a Cabinet meeting last week.

Mrs Aquino yesterday again dismissed the incident, saying it had shewn that the loyalist cause had no significant following and had vindicated her policy of a non-violent response to political chillenges.

ner poincy or a non-violent response to political challenges.

But she also repeated last week's tough warning that she would permit no repetition of such an affair.

"Demonstrations designed to add the rebel cause will no longer be tolerated" she declared. The loyalists had betrayed their true alms:

"They are intent on over-"They are intent on over-throwing the duly constituted

strowing the duly constituted government."

She went on: "Any further military involvement in actions intended to destabilise the Government will be punished with all the severity in the military code."

Answering questions, Mrs Aquino acknowledged that there anneared to have been there appeared to have been a lapse of intelligence over the involvement of military units in the ebortive coup attempt. At the same time her executive secretary confirmed

executive secretary confirmed that differences in policy had emerged et a "volatile" Cabinet meeting after the Manila Hotel affair.

These focus, he said, on the question of whether intelligence information had been withheld from Mrs Aquino, on the degree of loyalty within the armed forces, and on the apparent parden given to those who took over the hotel.

### Company in China allowed to declare itself bankrupt

announced it is bankrupt, the first since the Communists took power in 1949, in what diplomats said was a victory for reformists over bardliners, Reuter writes from Peking.

The official newspaper Workers Daily said yesterday an instruments factory in the northeastern city of Shenyang, warned last August to put its house in order, had gone broke because of bad management, heavy losses and debts it could not repay.

"The factory was given a yellow warning card' last year, but it ended up with the 'red card' of bankrupicy," the paper said, referring to the cards shown to misbeheving soccer players hy referees to indicate warning and then dismissal.

A Western diplomat said the news was a very significant step in China's economic reforms, indicating that a national bankruptcy lew would be passed despite opposition from bardline Communist Party members who regard bankruptcy as inbumane and capitalist. Shenyang is the first city in China to pass bankruptcy regulations and the results are being closely watched nationwide.

The regulations ere in line local points in the motion wide.

The paper said the notice was issued to protect the interests of the creditors and make a proper joh of clearing up all debts.

It did not say what would happen to the factory's workers. The official press.

The regulations ere in line with economic reforms intro-duced by Deng Kiaoping, the Chinese leader, since 1979 aimed at making companies

China yesterday strongly relected charges that its troops had intruded into India last month and said that Indian troops regularly made in-cursions into China, Reuter reports from Peking, Indian officials on Tuesday had charged that Chinese soldiers had set up camp last month in the Sumdorong Chn valley region to the east of the Himalayas.

and loss.

According to the official press, a parliamentary com-mittee last month considered the first national bankruptcy law, aimed at dealing with a number of state companies that had been losing money for

The official press quoted the vice-president of Shenyang's Trade Union Council as seying last month that workers from aimed at making companies bankrupt companies would be responsible for their own profit guaranteed jobs elsewhere.

#### Palestinian students stage protest against Hussein

HUNDREDS of Palestinian also scoffed et King Hussein's students staged a demonstration yesterday, burning King husseln's remarks to reporters on Tuesyesterday, photographs and criticising the US for Jordan's Palestinians in the West Bank crackdown on the Palestine Liberation Organization, AP reports from Bir Zelt on the West Bank,

West Bank,
Israeli troops manning roadblocks barred non-students from
reaching the hilltop campus of
Bir Zeit, 30 kilometers (20
miles) north of Jerusalem,
where 300 students protested
against Hussein's closure of 25

Palestinians in the West Bank and the occupied Gaza Strip. "He will not stop our commitment to the PLO. The PLO

is our cole legitimete repre-sentative . . We will struggle until victory," said Mr Jamai Dris, student council president.

Bir Zeit, 30 kilometers (29 miles) north of Jerusalem, where 300 students protested against Hussein's closure of 25 PLO offices in Amman last week.

The demonstrators, who The demonstrators, who others hurned black-and-whit packed the campus auditorium, photographs of Hussein.

> increasing demand for our handmade roofing tiles created a production bottleneck at the drying stage. Converting from a fuel-fired drying tunnel to electric heat pumps solved our drying problem,

reduced rejects and halved energy costs into the bargain.

Electricity certainly had a worthwhile message for us.

Managing Director, Keymer Tiles.

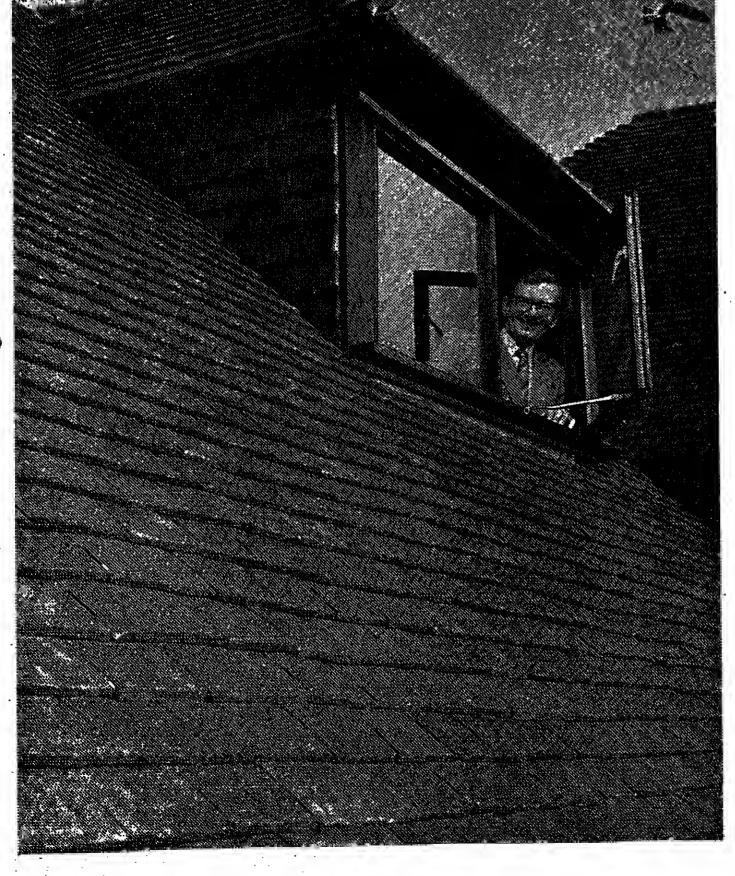
Across the country, in companies both large and small, electricity is helping industry reduce costs and increase productivity.

An electric infra-red stoving oven has enabled TJ Filters, who produce a large range of oil filters, to double their output, improve finish, and cut production costs by 40%.

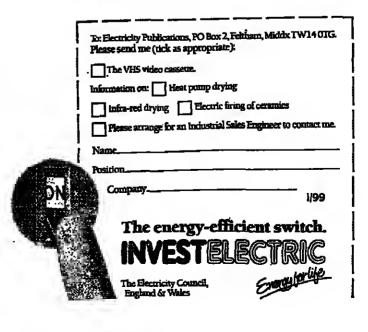
At Callanhart Limited, producers of decorative ceramic ware, a new twin-hearth electric kiln using night-rate electricity has cut energy costs by almost 40% compared with their gas-fired kiln. More reliable operation with fewer rejects has increased productivity and helped recover the cost of the kiln in under fourteen months.

The list of examples is growing daily. All proving that electricity is likely to talk your language, too.

We've produced a short VHS video on which managers from industry describe how electricity has improved their companies' efficiency and productivity. For your free copy, or for further information, just return this coupon with your business card, letterhead or compliments slip attached.



Electricity talks the language of Industry.



Peter Ford on Managua's reaction to Congress approval of \$100m in aid to the Contras

By Joe Mann in Caracas and Peter Montagnon in London

A NEW Venezuelan Government plan to refinance some \$7bn in private sector foreign deht has provoked sharp criticism from interna tional hanks and stiffened their resistance to requests by the Lusinchi administration for easier repayment terms on public sector debt in the wake of the plunging oil price.

The scheme calls on private sector companies to repay their foreign obligations in local currency to a new Exchange Compensation Fund (Fococam) which would then issue fixed-rate, goveroment-guaranteed bonds to international creditors.

However, it has aroused a storm of protest from creditors, who complain that the conditione oo the bonds, which include a long maturity of 15 years and a legal maximum coupon of 5 per cent, mean that they would immediately trade at a steep discount.

Also, existing rescheduling agreements, for example with the large Electricidad de Caracas utility which receotly signed a \$850m refinancing arrangement, would have to be scrapped.

As a result Mr Jorge Marcano Venezuela's chief debt negotiator. has received a hostile reception from leading creditors in two days of talks this week in New York on bis country's request to adjust its \$21.2bn public sector debt rescheduling agreement to give a less oner ous repayment schedule.

One problem is that legislation covering the plan has already beed enacted by the Venezuelan congress, even before the banks were consulted oo their reactions. If it is implemented, bankers say they will be requiring compensation from Venezuelan private sector compa-nies which could jeopardise their vi-

Mr Manuel Azpurua, Venezuela's Finance Minister, has meanwhile failed to provide the hanks with clarification on a number of key technical points, one of which is the exchange rate at which the private sector debt would be repaid in Bolivares and then refinanced in dol-

SCANIA

### Nicaragua battens down the military hatches

day under fiercer pressure than It has faced at any time since the July, 1979, revolution. Abroad, Mr Ronald Reagan.

the US president has finally forged a Congressional alliance tbat has approved a \$100m (£66m) aid package to Nicara-guan rebel Contra guerrillas and thus prolonged an increasingly

At home, skyrocketing inflation, estimated conservatively at 200 per cent a year, combined with severe shortages of even the most hasic foodstuffs, are trying the patience of Nicaraguans living under what officials duh a "survival economy."

The ruling Sandinista National Liberation Front National Liberation Front (FSLN) has reacted swiftly to the widened military and political threat posed by the new US aid to the Contras, enforcing an eight-month-old atate of emergeocy with vigour.

But the authorities appear less confident about how to deal with their economic problems.

To Managua, last month's \$100m Contra aid vote was tan-tamount to a declaration of war hy the US, and the Sandinistas are tuning their political, military and economic responses in the same key.

the same key.

A day after the vote, the Government ordered the indefinite closure of La Prensa, the only opposition daily newspaper. A week later. Biahop Pablo Antonio Vega—the country's second ranking Catholic prelate—was expelled from Nicaragua for "unpatriotic and criminal behaviour."

NICARAGUA'S Sandinista had argued that any US inva-Government is celebrating its seventh anniversary this Satur-day under fiercer pressure than involvement in the country.

The Sandinistas were clearly aware of the damage that such dramatic moves as the La Prensa closure and Bishop Vega's expulsion would do to their international image.

But the timing—just after the coogressional vote and the World Court verdict declaring

the coogressional vote and the World Court verdict declaring US aid to the Contras illegal—gave Managua some cover.

"Western Europeans are still less bappy with US policy than they are with the Sandinistas," says one senior Western diplomat in Managua. "You belance the ledger and the Sandinistas." the ledger, and the Sandinistas come out ahead."

At the same time, the Government appears to have decided that international public sup-

port offers less protection from a possible US invasion than does heightened internal security and stronger military preparations.

In a recent apeech to tens of thousands of supporters. President Daniel Ortega insisted that
Nicaragua was "not afraid of dealt the Contras a "strategic
civic struggle. But in these circumstances of war . . . when
some political and religious \$100m "can save the mercenary
leaders turn into instruments of
the US Community tarrories "illusory" according to Mr the US Government's terrorist "illusory," according to Mr policy, we are not so ingenuous Humberto Ortega, the Defence

as to accept civic struggle.
"What we have here is war." as to accept civic struggle.

"What we have here is var."
the President said. "and the response to war is war."
Statements by senior officials indicate no short-term relaxation of that stance. Bishop Vega's expuision, said the FSLN delegate in Mangua, "was only the first skirmish in the battle against imperialism."

Minister.

Yet, the new weaponry, such as ground-to-air missiles, that the Contras say they will now buy, and the expert training that the CIA and the Pentagon are to give the rebels, will undountedly make the war delegate in Mangua, "was only the first skirmish in the battle against imperialism."

Government critic, had refused to condemn the Contra aid, and added Mr Carlos Nunez, one of at a gathering pace.

The four-year-war's death toll, which officials here put at a gathering pace.



Ortega: "what we have bere

the FSLN's nice comandantes, and president of the National Assembly. "The political situ-ation will get tenser, and the war will continue on all fronts." On the military front, the Sandinistas say two highly successful offensives in 1925 dealt the Contras a "strategic defeat" that no amount of US

Minister.

AN opposition member of Nicaragua's National Assembly sought political asylum in the Venezuelan embassy just hours before the assembly was to begin proceedings against him in an arsoo case, according to a Congressman, AP reports from Managua.

Mr Felix Pedro Espinoza Briones, a conservative Democratic Party congressman, fied to the embassy on Tuesday morning because he feared Interior Ministry estimates and another 100,000 are expected by the end of the year. Most have already heen given

to militiamen, army reservists, and others, hut a proportion of the rifles are being atored in 8,000 secret caches in readings for an invasion, Mr Dmar Cabezas, the Interior Minister, said last week.

The Sandinistas seem more sure of themselves in mapping a military strategy than in solving their grave domestic economic problems, which the war has clearly aggravated.

Resigned to depending on the Soviet Union for all its oll and military hardware, the Govern-ment is, nonetheless, seeking to cut back on imports of hasic food grains, 25 per cent of which came from abroad last year — mostly through donations from Socialist bloc

countries.

The central problem facing planners of what is still a mixed economy is appallingly low productivity, the effects of which are most atrongly felt in the agricultural sector.

The weh of reasons behind this is complex: The army has drained the labour force, as has massive migration to the sional vote that the principal dangerwas that the rebel aid new military escalation . . . cities; producer prices have leading to the intervention of not risen fast enough to offer leading to the intervention of US trops themselves into our country."

That prospect has guided Nicaraguan military doctrine. "The size of our army and its weaponry will always match the threat of a US intervention, Mr Humberto Ortega insisted earlier this year.

The size of our army and its wison of input; and the average working day in the country-side lasts only about three hours, according to Mr Jaime Wheelock, the Agriculture Minister.

earlier this year.

The first and last line of defence, in Sandinista doctrine, is a people in arms. There are now 300,000 AK-47s in Nicaragua, according to the Nicaraguan staplea, even in ever. Managua's shoppers are lucky to find rice and beans.

Government-controlled outlets, where a ration card is supposed to guarantee each family a minimum of basic goods.

The FSLN devoted its annual

party congress early this month to prohlems of production and supply, but the meeting adjourned after three days without taking any decision. This suggested that the Government in the deservations over how ment is in disarray over how to tackle tha problem.

There are, however, pointere towards a tougher line against so-called "unpatriotic" larga private producers, accused of sabotaging output through neglect.
Responding to the Contra ald

vote, the Sandinista leadership warned that "the state with ita laws" would act against "ln-direct agents of (US) agression: speculators, idlers. incompetents who remain in the

country."
Since then, trade union leaders at the largest privately-owned sugar mill have demanded that it should be confiscated by the state, charging management with deliberately alowing down production.

The Government appears undecided whether to respond to this call, and others like it, but the official mood is clear: in wartime, those who are not with their governments must

be with the anemy. Keeping a weather-eye on the possibility of a direct US invasion, the Sandinistas are huckling down for protracted war against the rebels, and against potential fifth columnists within the country. As Comandante Nunez put it in response to Opposition pleas for lucky to find rice and beans, more political flexibility, "this the Nicaraguan staplea, even in is no time for concessions."

#### **US electronics company** admits defence fraud

BY TERRY DODSWORTH IN NEW YORK

LITTON INDUSTRIES, the Californian - based electronics group, has agreed to pay about \$15m (£10m) in restitution and penalties on overbilling on defence contracts in a further example of the US government crack-down on overcharging among military suppliers.

The penalties were agreed after Litton pleaded guilty to 325 counts of fraud for over-

General Dynamics, the largest US defence contractor, Rock-International Electric and Sperry.

Executives at Litton's Special Devices division were accused of giving false cost and pricing data to their military customers, In some cases charging twice for the same raw materials. According to prosecution law-

#### **US** warns **Pakistan** over N-weapon By Regineld Dale, US Editor in Washington

PRESIDENT Ronald Reagan yesterday delivered a atiff warning to Pakistan that all US economic and military aid would be terminated if the country acquired a nuclear

weapon.

The US position was "well understood " by the Pakistani Government, a senior US official said after an hour-long White House meeting between Mr Reagan and Mr Mohammed Junejo, the Pakistan Prime Minister. Minister.

Mr Reagan expressed continu Mr Reagan expressed continuing US concero over Pakistan's "unsafeguarded nuclear activities," which are not subject to supervision by the Vienna-hased International Atomic Energy Authority, the official said. He added, however, that last in October's presidential certification to Congress that Pakistan tion to Congress that Pakistan did not possess a nuclear weapon remained valid.

Pakistan bad frequently assured the US, both publicly and privately that it had neither the intention nor the capability to make a nuclear weapon, the official said. Both Mr Reagan and Mr Junejo agreed on the critical importance of evoiding a nuclear arms race in South Asia.

Nuclear concerns apart, the two leaders quickly reaffirmed the excellent state of US-Pakistani relations, with Mr Reagan reiterating Weshington's long term commitment to Pakistan's security, the official said. The Administration would make every effort to persuade Congress to approve in full the proposed new six-year \$4bn US ald plan for Pakistan, US aid was a "significant brake" on Pakistan's nuclear programme, the official said.

The two countries also saw eye to eye on Afghanistan, with both leaders agreeing that the twln objectives must be the earliest possible complete Soviet withdrawal and self-determina-tion for the Afghan people.

Mr Junejo complained of increased pressure on Pakistan's border with Afghanistan, inborder with Alghanistan, including bombings, sabotage and attempts at political subversion designed to drive a wedge between Afghan refugees and the local population.

Mr Junejo said his government was studying legislation to increase penalties for trafficking

### Duarte rejects rebel talks offer

BY DAVID GARDNER IN MEXICO CITY

PRESIDENT Jose Napoleon gent platform his Government proposals did not amount to Duarte of El Salvador yesterday had rejected at the second ruled out left-wing rebel proposals for peace talks on July capital San Salvador.

proposals did not amount to proposals did not amount to power-sharing but should be understood as a call for an historic compromise." 30 aimed at negotiating an end to the country'a six-year-old

Mr Duarte himself had pub-licly proposed on June 1 a third round of peace talks to take place inside the country in July or August. Two previous rounds of talks in October and Novem-

The Saab-Scania

tradition points in

Commitment to the future.

We began manufacturing vehicles in the 1890's and aircraft in the 1930's. With the result that over a long period Saab-Scania has established a solid base of technical experience and engineering skill. In our areas of operation Saab-Scania has always been an innovative force.

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passenger cars, trucks and buses, military aircraft, missiles, satellites and the Saab SF340 airliner. The Group also develops other advanced products in the fields of

electronics, optics, sensors and image processing as well as in the area of energy

one direction.

The rebel army, the Fara-bundo Marti National Lihera-tion Front (FMLN), last Friday called for a broad-based coali-tion government to be set up in which the insurgents would be "one of the components." If eccepted this would lead to an of talks in October and November 1984 left the two sides as far apart as when they began.

Mr Duarte sald modified rebel proposals announced last week were no different to the insur-

power-sharing, but should be understood as a call for an "historic compromise."

Mr Duarte's position has been that he canont awerve from the constitution. This was drawn up by an extreme right-wing dominated constitueot assembly In 1982-83, at the beight of the civil war and the reign of the paramilitary "death squads,"

#### **Death sentence** for Haiti chief

morning because he feared

the Sandinista Government was trying to remove him from his seat and have him jailed, said Mr Sergio Torres, another of the party's five congressmen.

Sandinista military planners.

however, are less concerned by the Cootra war than they are

about what would happen if the rebels make no significant edvances over the coming year.

A US invasion, they claim,

might theo be a real possibility.

President Ortega warned on the night of the US Congres-

"could translate in time into a

THE FORMER head of Haiti'a secret police under the regime of the now-deposed government of Mr Jean-Claude Duvalier, has been sentenced to death after a nationally televised trial for crimes committed during tha Duvalier dictatorship, writes Canute James in Kingston.

The trial and conviction of Mr Luc Desire in Port au Prince is expected by diplomats to mollify some of the public pressure on General Henri Namphy, who took over as bead of the provisional government following Mr Duvalier's flight from the country to exile in France last February. Mr Desir's lawyers plan to appeal year, involving, among others,

#### WORLD TRADE NEWS

#### Canon accused of copier monopoly

By Nancy Dunne in Washington

AUNYX Corporation, a small privately owned Massachusetts com-pany, has gone to e US federal court and the International Trade Commission to battle the giant Can-on Japan and Canon USA for e share in the SIbn copier toner busi-

In cases announced on Tuesday, Aunyx spokesmen said Canon now had e monopoly on sales of toper compatible with its copier ma-chines, and it bad, through a varie-ty of unfair trade practices, sought to prevent Aunyx from selling its own toner for Canon copiers.

Canon Japan manufactures var-

ious copier machines which it distributes along with toner through its subsidiary Canon USA. In the US, only Capon and Aunyx market a toner which can be used in Canon

Mr Bart Fisher, a Washington D. C. attorney representing Aunyx, said the US has over the last decade been witnessing the Japanisa-tion of the US copier and touer mar-

He charged Canon with "a persistent and complicated pattern of exclusionary acts" claiming that it bas coerced its dealers not to buy Auoyx-manufactured blocked Aunyx's supply of raw ma-terials and parts and interfered with Aunyx's relations with its cus-

Canon, he said "has become a loose cannon in the world of cop-

The company bas asked the ITC to issue an exclusion order to pre-vent Canon from importing toners to the US and a cease and desist order to prevent the "unfair prac-

#### Fleet shrinks

By Fay Glester in Osio

THE Norwegian registered mer-chant fleet continued to shrink during the first half of 1986, as more owners either sold their vessels, or transferred them to foreign registry, to save on running costs.
The Shipowners Association re-

ports that on July 1 there were only 627 ships totalling 13.2m dead-weight tonnes still flying the Norwegian flag - a decline of 40 units and 3.7m dwt, compared with Janu-

### **Indonesia** wins deal to supply LPG to Japan

BY MICHAEL BYRNES IN JAKARTA

INDONESIA'S sagging oil export befor exports of 1.95m tona of LPG re- 1989. mains to be settled.

and expected export revenue.

donesian LPG is about \$100 e ton. Gas, Idamitsu Kosan, Cosmo Oil, This would indicate that the deliv- Showa Shell Sekiyu KK, Kyodo Oil, eries of new LPG supplies to Japan Mitsui Liquified Gas and Mitsub-which begin in mid-1988, will bring ishi. The gas will come from Arun, in almost \$200m a year.

Although the revenue will be welcome, it will not go far toward filling Indonesia's widening external deficit created by the collapse of oil deficit created by the collapse of oil apacity LFG plant in Arun and another in Bontang with an annual capacity of 350,000 tons. The two plants will cost around \$70n.

Indonesia'a export revenue from oil last year declined by around 53.2bn to about \$12.4bn and is projected to fall to around \$7.7bn.

Indonesia is projected to amerge as one of the world's largest exporters of LPG when the new contracts down 12.3 per cent from the year Gas.

revenues will receive e \$200m-a year boost from new liquefied petroleum gas (LPG) exports to Japan. The final price for the annual ports to about 3m tons e year by Mr Bambang Bramooo, chief of

Pertamina, the Indonesian state with e Japanese consortium for the oil company, yesterday refused to sale of 450,000 tons of LPG a year be drawn on specific details of price from its Bintang Island plant.

and expected export revenue. Pertamina will supply seven buy-The current export prices of In- ers in Japan: Nippon Petroleum northern Sumatra and Bontang, East Kalimantan

Mr Bramono says financing of the plants has been arranged and the contractor will be appointed as soon as financial agreements are

Construction works have been tendered internally in Indonesia. come into operation. Its exports last tendered internally in Indonesia. year amounted to 635,967 tons, Bidders include Kyodo and Japan

#### GM and Suzuki plan Ontario car factory

BY ROBERT GIBBENS IN MONTREAL

nounce on July 30 the go-shead for e jointly-owned car assembly plant in southern Outario. The plant would belp the two groups to compete against Hyundai of South Korea which has been

making increasing inroads into the Canadian market. Industry sources estimate the plant will cost about C\$650m

(US\$480m). Incentives will be available from both the federal and Ontario goveraments but neither government will give details

Hyundai is the largest importer into Canada and is selling cars at an annual rate of more than 100,000

GENERAL MOTORS of the US and plant would be covered by the Can-Suzuki of Janan are expected to an-ada-US car pact and would supply

In Vancouver, Mr Pat Carney, International Trade Minister, said Canada bad asked South Korea for "an orderly market" in the sale of Hyundai cars in Canada but import quotas would not be imposed.

The Japanese car industry has complained that it faces import quo-tas in Canada while Hyundai cars enter duty-free and without restriction.

Hyundai has duty-free status un-til 1986 because South Korea is classified as a developing nation. Hyun-dai later this year will start construction of a C\$300m assembly

#### Indian plan to modernise textiles

By K. K. Sharma in New Delhi

INDIA has drawn up a Rs 7.5bn (£416m) package to modernise its textila industry. The scheme is part of its plana to boost

exports.

The package will involve a ft loans to textile mills and a rehebilitation fund which will he used to help displaced workers find other employment.
India's annual exports of textilea are now worth more than Rs 100m, nearly three quarters of which is accounted for by

ready mada garments.

The government feels that exports of synthetic and cotton material, as well as those of

material, as well as those of ready-made garments hased on production of Indian yarn and cloth, can be euhstantially increased. World demand is rising and India's share under the next Multiple Arrangement is expected to rice.

The costs of Indian textile mills are high hecause many of them use out-dated machinery and ere small. The aoft loans in the new package will help them to modernise and so make Indian textiles exports more competitive.

Indian textiles exports more competitive.

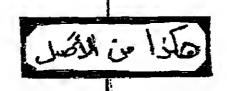
The modernisation fund will he built up initially of revenues collected from edditional excise duties and is expected to be operated by the Government-owned Industrial Development Bank of India which will receive special subsidies to enable it to grant concessional loans to textile mills.

#### **US** export control system 'needs overhaul'

By Our Washington Staff MR LIONEL OLMER, former US undersecretary of com-merce, yesterday attacked the export control system he once presided over as "hadly in need of an overhaul."

Mr Olmer, an attorney now in private practice in Washingtoo DC, told the private Committee on East-West Accord that atepa on East-West Accord that atepa taken by the Reagao Administration to Improve the system of controlling high technology exports and "the investment of considerable capital by the departments of defence and commerce to increase efficiency simply have not worked simply have not worked.





Selesting the second of the second

### Ford to invest £45m at three component plants

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDEN

SDI deals of £50m

BRITISH companies might next there was never any prospect of the year win Star Wars contracts from ITS Defence Department's rapidly

US and UK in December, British who has worked on the Chevaline companies and government esta programme to upgrade Britain's Poblishments can bid for work under laris nuclear strike force; said the

the Star Wars programme, which is UK had unique skills to offer the due to spend about £20bn by the US in several key areas of military early 1990s on devising a space-based shield to try to defend the But be said the US had not set

shows that such a shield is feasible, a living. Any contracts which we obthe US and its allies could begin de-ployment of an operational anti-marketplace."

seen for next year

FORD OF BRITAIN is to invest nearly C45m-at-three of its component plants over the next four years, including £30m at west Belfast in Northern Ireland.

While removing the threat of clo-sure from Belfast and sparkplug op-erations at Enfield in north Tondon and Treforest, South Wales, Ford gave a warning yesterday that its Woolwich, south-east London, factory might have to close by 1989 with the loss of all 283 jobs.

A further:101 jobs are to go at Enfield and Treforest. The company expects that all redundancies will be voluntary. Employment in Ford's Belfast

plant has come down from 1,400 at the beginning of the 1980s to about 850, but the company said it hoped to keep most of the present work-

The decision to invest in Belfast was taken after a long and detailed study into the viability of the plant. There is no doubt that without this injection of new work, the outlook would have been bleak," said Mr Bill Hayden, Ford of Europe's vice-

president, manufacturing.

The political implications of another big manufacturing closure in Belfast obviously had some bearing on Ford's decision, but the company insisted that the investment would

the US totalling at £50m, with "hun-

dreds of millions of pounds" of work likely in the full five years of the

programme, according to the De-lence Ministry's top scientist att-

ached to the project.
Dr Stanley Orman, director general of the ministry's Strategic De-

fence Initiative (SDI) participation nffice, discussed Britain's role in

the project publicly yesterday, part-

ly to counter criticism that, so far, UK industry has gained little from

Under an agreement between the

If the five-year research phase

would comprise devices such as laser guns and rockets, supervised by compulers, to attempt to shoot down Soviet warheads before they

Despite talk last year of Britain's gaining as much as CIbn worth of

work from the programme, UK or-

ganisations have so far obtained Star Wars contracts worth only about £15m, compared with SDI work banded out to US defence concerns totalling roughly C3bn. Some British industrialists have privately

expressed scepticism as to whether significant contracts will be placed

Dr Orman, who heads a 25-person department at the ministry that seeks to make it easier for UK com-

panies to conclude Star Wars deals

with the US, told a press conference that the Elbn figure canvassed last year was "not realistically obtain-able in the short term." He said

West from nuclear attack.

reached their targets.

Ford has launched two highperformance, high-profit and image-building cars in the UK through its 90 specialist Rallye

The Sierra RS Cosworth is on sale at £15,950 and the company has also introduced a new ver-sion of the Escort RS Turbo at £10,028, compared with £9,583 for the earlier model launched at the

Some 5,000 Sierra Cosworths will be built to qualify the model for the world touring car championships and about half have been allocated for sale in Britain.
Ford believes the Cosworth of-fers good value compared with

criteria had been applied as at any other Ford of Britain plant. Ford has been under pressure from the Irish Development Board (IDB) to broaden the range of products to ensure the future of the Belfast plant, which is in an area of

About half the capital expenditure for the new project, involving for petrol and diesel engines, will be covered by grants from the IDB. Ford has spent £23m on the Bel-

US Defence Department's rapidly

awarding large contracts to UK con

formal participation by Whitehall in the programme gave UK concerns in technical areas such as electron-

ics, radar systems and communications 'tremendous opportunities

for large contracts. He said he would be disappointed if such com-

panies failed to win contracts worth

Dr Orman, a former scientist at the Defence Ministry's Atomic Weapons Research Establishment

programme to upgrade Britain's Po-laris nuclear strike force, said the

aside a specific sum of cash for Brit-ish organisations. "No one owes us

Contracts awarded to Britain s

far cover work by the UK Atomic Energy Authority's Culham Labora-tory on devices that use ion beams

to shoot down missiles. A second

award is paying for studies by UK

defence companies to devise tech-niques to try to ensure that a Star Wars shield defended not only the

Wars sine in defended not only the US but Western Europe. Further contracts to be handed out by the Pentagon in the next cou-ple of months include work worth a

total of about £15m to be shared by Defence Ministry research esta-blishments and industry in three

They are: development of rail guns, electromagnetically powered weapons that fire small bullets at

targets; ways to "harden" space

based weapons and sensor systems

technical areas.

fast factory since 1976 and recently introduced production of carburettors assembled from components supplied by Weber of Bologna, Ita-

Production of pumps will begin next summer and by late 1989 the plant will have an annual capacity of more than 1m each of oil and water pumps and 300,000 carburettors. Belfast's gain is Woolwich's loss because the south-east London factory has been manufacturing and machining a range of parts, includ-

ing oil and water pumps Woolwich employees were told yesterday that by the 1990s the plant would have work for only 20 per cent of the available space at a time when other Ford plants aisn had significant spare capacity.

Ford had been expected to stop

sparkplug production and buy from outside suppliers nr enter into a joint venture. However, the compa-ny -- the only UK-based vehicle producer making its own sparkplugs -said Enfield would produce a good rate of return on the investment. • Three new directors have been appointed by the Rover Group, for-merly British Leyland, in accordance with the undertaking given by new chairman and chief executive Mr Graham Day that be would bring in fresh blood to provide "added dimension and experience." GOVERNMENT SEEKS TO END PROTRACTED DISPUTE

### Lawyers win concession on fees

THE GOVERNMENT has made a considerable concession to the demands of the legal profession for substantial increases in criminal legal-aid fees with the offer from the Lord Chancellor yesterday of n 5 per cent increase in fees paid to barristers and 6.5 per cent to solici-

The payments will be in addition to the 5 per cent already awarded from April 1. But the new package will not come into effect until October 1, bringing the total increases for the year to next April to 7.5 per cent for barristers and 8.25 per cent for solicitors. London solicitors will also receive an additional 2 per cent weighting to compensate for higher costs in the capital.

spect of "efficiency," although ture of standard fees should be the neither side of the profession has same as those set by the Attorney yet made substantial concessions in General for the new Crown proseits practices. But the Government cution service. has secured the agreement of the profession to be represented with it on a standing commission aimed at know in advance their payment for

Lord Hailsham, the Lord Chan-cellor, made clear that he thought

Future regolations to the statement.

Future regolations to the statement of the procedures before trials were where the greatest savings could be

The Government has also gained the agreement of the Bar to a new system of standard fees for the bulk and the Law Society, which repreof criminal legal-aid work, although sents solicitors.

Two per cent of the new offer to the Lord Chancellor rejected the solicitors and barristers is in re-

Details of the latter scheme, which will mean barristers will bringing greater efficiency to court a case, were announced by the Attorney General shortly before Lord

Future negotiations between the ni a new advisory system. Separate joint committees will be set up be-

the data on current payments. That will be given to the Lord Chancellor, who will make a statutory deci sinn on fees.

the new package - which would cost the Government £17.5m in a full to the original offer - was guarded.

Mr Robert Alexander QC, chairman of the Bar, said it was "not Government and the profession on enough." Mr Tony Girling, chairfees will be conducted with the aid man of the Law Society's remuneration committee, expressed "dissatisfaction in many respects but also tween the Government and the Bar relief" at the outcome. Both bodies, however, will recommend accep

revenue tax now being paid are

based on prices in the second half

of 1985, and the adjustment to 1988's sharply reduced prices will

London's financial markets, how-

ever, reacted favourably to the an-

nnuncement. Gilt-edged govern-

ment securities, which had already

strengthened during the day, rose

leaders plan policy on defence

Alliance

By Peter Riddell

THE LEADERS of the Social

Democrat/Liberal Alliance have

agreed to a compromise formula on

nuclear defence. It avoids the issue

of the replacement of Polaris, Brit-

ain's submarine-based nuclear de-

The reaction of the profession to year in addition to £13m allocated

> terrent, and is intended to lower the temperature ahead of the two purties' conferences this autumn. The two parties have been at odds over defence policy. Mr David Steel, the Liberal leader, and Dr David Owen, the Social Democrat leader, yesterday released the defence section of their new policy document, Priorities for the 1990s, which is to be presented

to a conference of Alliance candidates on Saturday week. The document emphasises the

European aspect of defence policy. "Western Europe will continue to need a substantial American contri bution to its defence and security for the foreseeable future. But the present imbalance between American leadership and grudging European support within Nato is unsustainable. Both sides of the Atlantic will benefit from a stronger European pillar within the Atlantic allu

### June government borrowings fall unexpectedly

BY GEORGE GRAHAM

BUOYANT tax revenues beloed to reduce government borrowings to a lower level than expected in June, according to figures announced by the Treasury yesterday. The public-sector borrowing re-

quirement (PSBR) is provisionally estimated to bave totalled £599m last month, bringing the total in the first three months of the current fiscal year to £2.53bn compared with £2.59bn in the same period last

The Inland Revenue took in Government's earlier medium-term come apparent until later in the £3.46bn in tax receipts in June. financial strategy. bringing revenues for the first quarter of the fiscal year to £11.81bo.

That is 12 per cent higher than in the same period a year earlier. The Treasury, in its Budget forecasts, predicted a 9½ per cent rise in tax receipts not linked to North Sea nil. The Treasury forecast a PSBR of

£7.1bn for the wbole of 1986-87, slightly higher than last year al-

PSBR fluctuates wildly over the year as tax receipts come in un-evenly, and cautioned against interpreting the apparently low borrowmonths as an indicator for the year

Analysts noted yesterday that the

ing requirement in the first three

The effect of lower oil prices on though below the level fixed in the government revenues will not be-

### Today's Pan Am

### New York-bound businessmen obtain better returns on Pan Am.



against any possible attack; and techniques in "countermeasures" Men and Matters, Page 10

#### Water groups disclose sharply higher profits

WATER AUTHORITIES yesterday cost of £150m for each station. The announced substantially higher profits, Richard Evans writes. That was largely because of the Treasury policy of pushing up water charges laster than the rate of inflation in order to accelerate debt repayment and lessen demands on the public-

sector borrowing requirement.

Thames Water, the biggest and most profitable of the 10 authorities, predictably put in the best per-formance for the year to March with net profit lifted from Closm to £150m on a turnover of £501m. Anglian's profits rose from £23m to 639m; North West from 613m to £35.5m; and Northumbrian, the smallest, from £1m to over £7m.

The results show bow the efficiency of the authorities had been raised before the Government's planned privatisation of the industry, which has now been shelved until after the next general election. The authorities have become much more financially attractive since the prospect of privatisation was first raised 18 months ago.

FRINT union leaders may have to wait a further two weeks to hear whether Mr Rupert Murdoch's News International is willing to reopen talks on the dispute over his newspaper operations at Wapping,

proposed for southern England will nian Flight Training, a subsidiary be the first to be fitted with anti-pol- of British Caledonian Airways, for lution equipment at an additional £4m.

equipment will reduce the amount of sulphur dioxide released. That i mmonly linked with "acid rain." Britain is widely accused of being the largest emitter of sulpbur diox-ide in Western Europe

O VOLUME on the London Interna-(Liffe) doubled in the first ball of 1986 compared with the same peri od of last year, boosted by future on UK and US government bonds

The number of futures and options contracts traded rose from 1.60m to 3.26m.

D BRITISH STEEL might become financially self-sufficient and "off the back of government borrowing in three to five years, Mr Bob Scho ley, chairman of the corporation told MPs on an all-party House of Commons committee.

Break-up warning, Page 6

BRITISH AIRPORTS Authority (BAA) is to have its debts from the National Loans Fund written off and is to be split into seven subsidiary companies, one for each BAA airport, ahead of the privatisation of authority next year.

☐ BET, the parent company of Rediffusion Simulation, has hought a

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(Kabushiki Kaisha Ito-Yokado) (the "Campany")

54% Convertible Debentures Due August 31, 1993 (the "Debentures")

NOTICE IS HEREBY GIVEN, that the following coupon Debentures and the principal amount indicated below of the following registered Debentures of the Company have been drawn for redemption on August 31, 1986 (the "Redemption Date") for account of the Sinking Fund at a Redemption Price (the "Redemption Price") of 100% of the principal amount thereof.

SE	RIAL	UMB.	ers of	COU.	PON E	DEBEN	TURE	S BEA	RING	THE F	REFI	X M
10218 10231 10224 10304 10304 10316 10316 16316 16338 16340 16640 16645	16059 16659 16611 19671 16602 16602 16702 16702 16702 16702 16702 16702 16702 16702 16703 29234 29234 29234 29247	25 974 25 96 25 916 25 916 25 92 25 92 26	22764 32709 32709 32724 32904 32904 32904 41662 42043 42043 42043 42043 42063 42064	43069 42777 42154 42795 49726 45726 45756 45756 48791 48791 48792 48793 48793 48806 46808	4/32/2 46/2/4 4/5/2/6 48/5/4/1 4/5/4/1 4/5/4/1 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/4 4/5/3/6	46908 48947 46963 46963 46964 48976 49026 49026 49031 49044 49065 49082 49089	49097 49098 49108 49115 49122 49134 49135 49144 49145 49148 49148 49153	49211 49253 49254 49252 49257 49267 49261 49267 49287 49302 49317 49324 49329 49331	49349 49350 49350 49354 49354 49354 49354 49407 49427 49427 49427 49428 49445	49451 49466 49480 49489 49489 49500 48520 48520 48523 49546 49560 495671	49583 49590 49692 49637 49631 49650 49656 49668 49668 49668 49668 49688	49721 49724 49750 49752 49757

	Principal			Principa			incipel		Princip			Principal
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16646	29249	32698	42965	48917	48938	49090	48162	49336	49449	49576	49701	
16645	29247	32696	12058	46808	46933	49089	49156	49331	49445	49571		
16638	29245	32691	42054	48805	44923	49062	49153	49329	49436	49560	49616 49689	
16540	29237	32621	42053	48795	48912	49065	49149	49324	4345.3	49556	496.6	
16538	29233	32617	42045	48793	49910	49044	49148	49317	49427	49546	49609	
1530	29224	32815	42043	48792	48905	49031	49145	49302	49412	49533	49858	
165.22	18727	29950	42035	45791	48971	49026	49144	49299	49408	49529	49656	
16516	15113	29236	4 166	48777	48867	49020	49138	49287	49407	49520	49851	
16)11	16702	29530	3.990	45758	48953	49004	49135	49261	49399	49500	49650	
6.4	16-47	247.54	.1.7954	45765	48841	48976	49134	49273	49394	49492	49641	
03119	100004	274.2	37,324	497.26	48841	48372	49122	4025	49366	49489	49637	49757
16.004	1,377	25316	32729	42795	4854)	48963	49175	49262	49358	49485	49631	49752
10224	1:611		22717	42:34	43836	48863	49108	49254	49353	49480	49692	49750
10731	10610		32703	42277	4455.14	48347	49098	49253	49,000	43450	49.730	43/44

	Principal		Principal Amount		Principal Amount		Principal Amount		Principal Amount
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PM 545	\$ 1000	PY 417	\$1 000	AV 1111	53,000	R¢ 1187	\$1 000	AX 1351	\$1,000
RM 551.	1000	RV 415	1,000	RV 1112 .	1 000	AK 1189	1 000	AX 1352.	1,000
RM 1007 RM 1467	1 000	RV 419	1 000	RV 1114 RV 1116	2 000 1,000	AX 1192	2 000 2 000 1 000	FX 1353 FX 1355 FX 1367	2,000 1,000
RM 1469. RM 1474	1 000	RV 420 RV 421	1 000 1 000 2 000	RV 1111	2.000	PX 1194	2 000	AX 1356	1.000
RM 1650 RM 1655	. 1,000 1,000	RV 477 . RV 423 .	1,090	RV 1116 RV 1120 .	1,000	HT 1196.	1 000	AX 1364, AX 1362 AX 1363	1,000 2,000
PM 1569.	1 000	RV 424 RV 425	1,000	RV 1121 . RV 1122	1,000 2,000 1,000 3,000 1,000	R& 1197	2,000 1 000	FIX 1365	2.000 1,000
PM 1676 PM 1677	1.000	RV 428	2000	RV 1123	1 000	Rx 1199.	2 000	AX 1386.	1,000
PM 1681	. 1 000 1 000	RV 434 . RV 435	1,000	RV 1126 RV 1127	1 000	AX 1215. PX 1217.	2 000 2 000 3 000	HX 1370.	1,000
FM 1738.	1,000	RV 436 . RV 452 .	1,000	RV 1130 . RV 1135	2 000	RX 1216 . RX 1219 .	1 000	RX 1371.	1,000 1,000
RM 1746 RM 1756	1.000	Ry 453 .	2,000	RV 1136	1 000	RX 1221 .	2,000	RX 1375 RX 1376	1,000
RM 1760 RM 1760	1 990	RV 454 . PV 455 .	1,000	RV 1139 . RV 1141 .	2,000	RX 1223 . Rx 1224 .	2,000	FIX 1377	1,000
F-M 1767	1,000	RV 457 .	2 000 1 000	RV 1144 . RV 1145 .	2 000 1 000 1 000 2 000 1 000	RX 1221 . RX 1223 . RX 1224 . RX 1225 RX 1227	1.000 2.000 1.000	AX 1379 AX 1381	2,000
RM 1:73	1.000	RV 556 .	1,000	RV 1147	1 000	MA 1440	1,000	AX 1361 AX 1363 AX 1365 AX 1365	2 000
RM 1185 RM 1196	1,000	RV 568	2,998 1,980	RV 1151 .	1.000	RX 1229 RX 1230	1,000	AX 1365	1,000 3,000 1,000
RM 1805 RM 1807	1 000	RV 573. RV 580.	1 909	RV 1153	1,000	AX 1230 AX 1231 . AX 1232 .	2,000 3,000	AX 1388. AX 1389. AX 1391. AX 1393. AX 1396.	1 000
AM 1837	1 000	RV 581 .	1,000	RV 1155 .	1 000	RX 1233 . RX 1234 . RX 1236 .	2,000 4,000	AX 1391 AX 1393	1,000 1,000 5,000
RM 1843. RM 1850	1 000 1,000 1,000	PV 598 .	1,000	AV 1156 .	2 000	AX 1236	1 000	RX 1396.	5.000
AM 1853 AM 1854	1.000	RV 603 . RV 604 .	1 000	RV 1159 . RV 1161 .	1 000	MX 1238	2,000	RX 1367.	1,000 2,000
PM 1856	1,000	RV 605 .	1,000	RV 1163	1 000 2,000 1,000	RX 1241 RX 1242 RX 1243	2,000 1,000 2,000	RX 1401 RX 1402	1,000 3,000
RM 1861 RM 1877	. 1000	RV 607	1 000	HV 1766	1 000	RY 1244	1.000	FLX 1404.	2,000
RM 1819 . RM 1886	1,000	RV 615	1,000	RV 1167	1,000 1,000 2,000 1,000	RX 1245 . RX 1246 RX 1247	1,000 3,000 1,000	BY 1407	1,000
RM 1900 .	1 000	RV 622 RV 628	3.000	RV 1169		RX 1247	1,000	RX 1408	
RM 1902	1,090 1,000	RV 629	1,000	RV 1172	1,000	AJ 1249 .	4 000	RX 1410	4,000
RM 1907	1,000	RV 631 RV 632	1,000	AV 1174.	1,000 1,000 1,000	FIX 1251	2,000	RX 1411.	2,000 3,000
RM 1913 RM 1942	1,000	RV 632.	2,000 1,000	RV 1176 RV 1178	1 000	O's 1353	2 000	AX 1415	2,000 1,000
RM 1956 .	1.000	RV 745	1,000	RV 1180	1,000 2 000 1 090 1,000	RX 1256 .	2,000 1,000 1,000	AX 1419	2.000
RM 1963	1,000	RV 148	1,000	RV 1151 RV 1183.	1,000	HX 1279 .	1 000	RX 1425	2.000
PM 1985 RM 1997 RM 2000	1,000	RV 844 RV 969	1,000 1 000	RV 1188 .	7,000 1,000	ЯХ 1260 ЯХ 1261	7,000 1,000 2,000	FIX 1427	1.000
RM 2000 . RM 2012 .	1,000	RV 970 .	1,000 2,000	AV 1190.	1,000	AX 1263 . AX 1214	2,000 3,000	FIX 1428	1.000
AM 2035.	1 000	AV 572	1 000	AV 1193 .	1,000 1,000 1,000	AX 1275.,	2,000	AX 1430	1,000
RM 2040 .	1 000 1 000	RV 973	1,000	RV 1195 . RV 1199	1.000	RX 1276	2,000 1,000 1,000	RX 1433 RX 1434 RX 1436	2,000
RM 2084 RM 2088	1,000	RV 976 .	1,000	RV 1200 RV 1201	2.000	RY 1278	7 000	RX 1435	1,000 2,000
RM 2092 .	1,000 1,000 1,000	RV 1015 .	1 000	AV 1202	1,000	RX 1282 RX 1263	2,000 1,000	RX 1439	1.000
AM 2093 . RM 2096 .	1.000	AV 1016	3 000	FV 1206	1000	RX 1286 .	2.000	RX 1441	2,000
RM 2097 . RM 2099	1,000 1,000 1,000 1,000 1,000	RV 1016 RV 1020.	2,000 1 000	RV 1209 RV 1211	1,000 1,000 1,000	RX 1287 Rx 1290	3,000	RY 482	5,000 4,000
RM 2104 RM 2119	1 000	RV 1031 . RV 1032 .	1,000	RV 1213 . RV 1214 .	1 000 2.000	AY 1291 AX 1294	1 000	FIY 484	3 000
PM 2122 .	1 000	AV 1034	1 900	RV 1219 .	1,000	AX 1256	2000	RY 486.	3 000
PAM 2175	1,000	RV 1038 . RV 1036.	1,000	RV 1226	1,900	FX 1298	1,000	RY 487	2000
RM 2126 RM 2135	1,000	RV 1037 RV 1036	7,000	RV 1227 RV 1232	1 000	BY 1299	2.000 4.000 2.000	RY 493	4,000 2,000
RM 2191 .	1,000 1,000 10,000	AV 1040 . AV 1045 .	2 000 1 000	RV 1234	1 000 1 000 2,000	RX 1302 RX 1303 RX 1305	2,000 1,000	RY 492. RY 493. RY 494.	4,000
RU 207	5.000	AV 1046	2.000	RV 1236	1,000	PX 1307	1.000	AY 623	5.000
BU 208	5,000 3,000 5,000 7,001	RV 1048 .	1,000	RV 1237 RV 1236	1,000	AX 1300	1,000	RY 683	4,000 5,000
RU 239 . RU 260 . PU 273 .	1,000	RV 1050 RV 1051	1,000	RV 1243 RV 1245 RV 1245 RV 1250	1,000	OX 13/1	2 000	ST 604	1,000
PÚ 273 PÚ 263	4 000	RV 1052 .	2.000	RV 1245 RV 1250 .	2,000	RX 1313	2 000	AY ARG.	1,000 2,000
HU 267.	4 000 2 000 5 000 5,000	RV 1057 RV 1059	1,000	RV 1251	1,000	RX 1314 RX 1316.	3 000 2 000	AY 687.	5,000
RU 301	5,000	RV 1060 RV 1061 RV 1062	1,000	RV 1252 RV 1254	1,000	AX 1317 . RK 1318	1,000 2,000 1,000	RY 719 RY 720 RY 727 RY 728	6,000 3,000
PU 303 .	7 000 3,000	RV 1062 . RV 1064	2,000 1,000	AK 385 .	3.000 4.000	AX 1319 . AX 1320	1,000	RY 727.	1,000 5,000
PU 311	113 000	RV 1067	1 600	FIX 396.	2 000	AX 1321	1,000	AY 729.	1,000
RU 366 . RU 361	7,000 3,000	RV 1069 RV 1071	2,000 1,000	RX 637	1.000	R. 1323	1,000	HY 731.	2,000
RU 366 . RU 361 RU 374	7,000 6,000	RV 1074	1,000	PX 638	1,000	RX 1324 RX 1325	2,000	AY 733	2,000 5,000
PU 390	10.000	AV 1081	1,000	RX 1008 .	1,000	RX 1376 .	1,000	MT /.M	5,000
PU 384	7.090	RV 1082	1,000	FX 1030	1,000	FIX 1327 FIX 1329	2,000 2,000	RY 736.	3,000
AU 385 AU 366 AU 401	5 000 11 000	RV 1085	1 000	A¥ 7037 FX 1094	1 000	PLX 1331 PLX 1332	7,000	AY 737.	5,000 5,000
HU AUG.	2 000	RV 1067	2 000	HX 1096	2.000	RX 1334	2 000		2.000
RU 493 .	163,000 17,000 9,000	RV 1068 RV 1089	1 090 2 000 1 000	AX 1170	3 000 2,000	FIX 1335 FIX 1335 FIX 1337	2,000	RY 940.	6,000 5,000
RU 504	9,000 5,000	RV 1091	1 000 2 000	RX 1174 .	1 000	FIX 1338	2,000	FY 947	4,000 2,000
RU 506 .	5.000	RV 1096 .	1 000	AX 1176 .	1,000	AX 1740 .	3,000	AY 943 AY 944 AY 1254	4,000
RU 505	3,000	AV 1099 .	1,000	AX 1178	2.000	AF 1343.,	2,000 3,000	AY 1254 AY 1353	1,000
RU 503 .	11,000 4,900	RV 1101 .	1,000	RA 1179 . RX 1160 .	1,000	RX 1344 RX 1346	1,000	AY 1385	5,000 1,000

Payment of the Redemption Price will be made upon presentation and surrender of the Debentures called for redemption in whole or in part (in the case of coupon Debentures, together with all coupons appertaining thereto maturing after August 31, 1986), on or after September 2, 1986 at the Corporate Trust Office of the Bank of Tokyo Trust Company in New York City, 100 Broadway, New York, N.Y. 10005 or at the principal office in the city indicated of any of the following Paying Agents: The Bank of Tokyo Trust Company in London; The Bank of Tokyo, Ltd., in Brussels; Morgan Guaranty Trust Company of New York in Brussels.

Upon surrender of Debentures to be redeemed in part only, a new Debenture or Debentures in principal amount equal to the unredeemed portion will be issued.

From and after the Redemption Date, interest on the Debentures, or portion thereof, to be redeemed for this Sinking Fund will cease to accrue. Interest maturing an August 31, 1986 will be paid in the usual manner.

#### CONVERSION OF DEBENTURES INTO COMMON STOCK

The Debenlures may be converted into Common Stock of the Company or, at the option of the holders, into American Depositary Receipts, at the conversion price (with Debentures taken at their principal amount translated into Japanese yen at the rate Yen 213.50 equals U.S. \$1) of Yen 682.30 per share of Common Stock. The Company's Common Stock and American Depositary Receipts are issuable only in Units of 1,000 shares of Common Stock or integral multiples thereof. A cash adjustment will be made for any fraction of a Unit.

multiples thereof. A cash adjustment will be made for any fraction of a Unit.

Each Debentureholder who wishes to convert his Debentures should deposit his Debentures (in the case of coupon Debentures, together with all unmatured coupons and a written notice to convert the form of which notice is available from any of the following) with Morgan Guaranty Trust Company of New York, at its corporate trust office in New York City, 30 West Broadway. New York, N.Y. 10015 or with any of the Paying Agents' offices specified above. SUCH CONVERSION RIGHTS WILL TERMINATE AT THE CLOSE OF BUSINESS ON AUGUST 28, 1986 AS TO ALL DEBENTURES OR PORTIONS THEREOF REDEEMABLE ON THE REDEMPTION DATE, BASED ON THE COMMON STOCK ON THE TOKYO STOCK EXCHANGE ON JULY 2, 1986, AND A CURRENT RATE OF EXCHANGE ON JULY 2, 1986, AND A CURRENT RATE OF EXCHANGE ON JULY 2, 1986, OF YEN 159.15 = U.S. \$1, THE HOLDER OF A DEBENTURE IN THE PRINCIPAL AMOUNT OF U.S.\$1,000 CONVERTING ON THAT DATE WOULD HAVE RECEIVED UNITS (TOGETHER WITH A CASH ADJUSTMENT FOR A FRACTION OF A UNIT) HAVING A VALUE OF U.S.\$7,785,93. THE U.S. DOLLAR EQUIVALENTOF CONVERSION ON A LATER DATE WILL BE AFFECTED BY CHANGES IN THE PRICE OF THE COMMON STOCK AND IN THE RATE OF EXCHANGE, AND BY ANY ADJUSTMENT OF THE CONVERSION PRICE,

ITO-YOKADO CO., LTD. By: The Bank of Tokyo Trust Company

July 17, 1986

The third

Merchant Taylors' Hall, City of London 13 & 14 October 1986

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### London clashes with Dublin on policing issue

BY HUGH CARNEGY IN DUBLIN

SERIOUS differences between the it regarded the move as a danger since the signing of the Anglo-Irish agreement.

The British view is that the deciagreement eight months ago.

strong terms to Mr Tom King, the Northern Ireland Secretary, about attacks on Roman Catholics by Loyalists and what be called "intoler-

Royal Ulster Constabulary (RUC). That was a reference to a decision by the RUC to let an Orange Order parade pass through a Ro-man Catholic area of Portadown, said he shared their deep resent-

In a pointed response yesterday, he expressed his sympathy and ap- the RUC in recent days. preciation for their work over a violent weekend and added his "respect for the way in which they sought to discharge their responsib-ilities in an even-handed way."

Dublin was upset by the Portathe British would ban all provocative marches through Roman

British and Irish governments over ous climbdown, in the face of the handling of last weekend's Prot- threats by the Rev Ian Paisley, estant parades in Northern Ireland leader of the Democratic Unionist came into the npen yesterday in one Party, and athers, which would sap of their most public disagreements support among Catholics for the

In a statement on Tuesday night, sion was a pragmatic and mainly Mr Peter Barry, the Irish Foreign Minister, said be had protested in tially uncontrollable confrontation although some senior figures in the Northern freland Office wanted the Paisley threat challenged. The issue amounts to an undoubt-

able" operational decisions by the ed hitch in the agreement. It will make Dublin more determined than ever to win the changes it wants in the North's judicial system

Neither side will want the dispute to inflict permanent damage on the County Armagb, on Saturday, a accord Last night, Mr Barry said concession to Loyalists that out- on Irish television that, although raged local nationalists. Mr Barry there were bound to be difficulties, those were no reason to walk away

Unionist politicians denounced Mr King, while avoiding direct. Mr Barry's intervention as inflammention of Mr Barry, said all operamatory. Even Mr John Cushnahan. tional decisions were entirely a leader of the non-sectarian Alliance matter for the RUC and be had no Party, said it was scandalous that Party, said it was scandalous that intention of changing that. Both Mr Barry gave no recognition to the sides had criticised the police but "tremendous difficulties" faced by

Tam Lynch writes: The Government and opposition in the House of Commons yesterday joined in criticising Mr Barry's remarks. Mr King praised the RUCs role

He said there was always tension down decision because it believed during the marching season. "It is a widespread view on both sides of the community that the violence Catholic enclaves to bonour an un- that took place was very much less dertaking in the Anglo-Irisb agree- than had been predicted, and a lot ment to treat the two communities of that had to do with the sensible with equal respect. Like moderate and wise policing decisions that nationalist politicians in the North, were taken."

### EEC chided for 'eccentric' protection of consumers

BY CHRISTOPHER PARKES

IF EUROPEAN consumers are to and the singgish decision-making to impose a general duty on manu benefit from and grow to love the Common Market, then EEC institutions should stop tinkering with for establishing a formal consumer rules to protect the public from policy, and points out that the Comdoorstep salesmen and correspon-dence-course touts, according to a cow in the EEC and less than a penreport from a House of Lords com- ny a bead on consumers.

The advantages of such directives are trivial compared with those flowing from reform of the Common Agricultural Policy or the ap-plication of competition regulations

The Select Committee on the European Communities says the pubtion is criticised because its policy lic's expectations at the EEC remain unfulfilled. It blames that on "indolence and indifference" in the Council of Ministers, the Commissinn's "eccentric" choice of targets for consumer protection legislation

It argues that there is a good case

The report welcomes recent progress on consumer matters such as the introduction of regular meetings of consumer ministers and Commission initiatives taken last year to revive the inert consumer On programme. Even so, the Brussels administra-

on industrial harmonisation does not ensure "a strong consumer input" to the writing of European safety standards. The committee also urges the

ties." it says. While general laws could act as a safety net to guarantee basic stardards for products not yet covered by EEC law, there is also n need for

ren's equipment. Consumer Protection Policy, House of Lords Select Committee on the European Communities (HL 192), HMSO, E12.50.

facturers to produce safe goods.
"A general obligation ... to

achieve an acceptable safety stan-

dard would induce greater respon-

sibility on the part of suppliers who

at present regard themselves as be-youd the reach of legislation, and

provide wider scope for swift reme-

dial action by enforcement author-

specific legislation in some areas.

The report suggests that priority should be given to toys and child-

#### Commission to propose legislation Rethink urged on steel break-up

BY NICK GARNETT

grated producer would seriously threaten its ability to maintain and expand its position in UK and world it can do in terms of diversifying inmarkets, says a report published to-to other businesses and forming day by the National Economic De-joint partnerships with other steel velopment Office (Nedn).

Division of BSCs operations into BSCs best opportunities for exonly totally independent businesses is a panding sales - which it needs to do

systematical control of the policy favoured by some senior cor- to earn the profits necessary for poration managers, but Nedo says equipment renewal - he in the EEC, that would weaken its direct con-

nothing to do with the question of including the US, are vulnerable be-privatisation but must be judged on cause of protectionism, the report industrial and, in particular, mar-says.

ing-oriented and that, to do so, present government restraints on what companies must be relaxed.

the report says. Last year the UK tacts with steel users and reduce its had a negative trade balance with ability to offer a broad range of the EECs top five steel-producing products to big customers. It might also demoralise the man-poration and other UK steelmakers UK's total raw steel production agement if it were left to run the should be seeking to reverse that as less viable crude steelmaking oper- a means of boosting output. Many and the private sector account for a less viable crude steelmaking operations of the corporation's other markets, further 16 per cent and the remainable to do with the mestion of including the US, are vulnerable beder is produced by the fully private

Mr Bob Scholey, BSC chairman, steel industry, Nedo Lio.

FURTHER breaking up the British
Steel Corporation (BSC) as an inte
BSC needs to become more market was seeking to raise its market share in the EEC and the rest of Western Europe. He conceded, however, that it would not be easy because BSC was working from a low base with just 2 or 3 per cent of the European market and possess only a rudimentary distribution

> BSC is the world's third biggest steel company after Nippon Steel of Japan (with double BSC's 14m tonnes output of liquid steel) and -? US Steel

It accounts for 76 per cent of the Companies jointly owned by BSC

Steel: The world market and the UK

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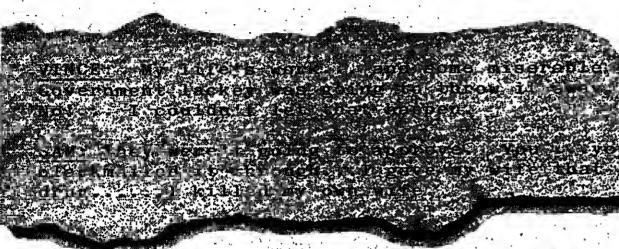
Financial Times Thursday July 17 1986

### Jeilin IIIA

# Which ending goes with which script?



Murder by the Book, ITV Thursday 28th August at 8.30pm.



Strong Medicine, ITV 21st August at 8.00pm and 22nd August at 7.30pm.



Hanni Sends Her Leve, Channel 4 Saturday 9th August at 7.30 pm.

Bones David

Summertime Specials, ITV Saturday evenings from 19th July at 7.30pm.

The Real World, ITV Sundays, July and August at 9.50 pm.

All 5 of the scripts you see excerpts from here have been made into first-rate TV programmes.

Over the coming weeks they will all be shown nationally on the ITV network.

But whose name will appear at the end of each programme?

You might be tempted to think that a prestige production like 'Murder by the Book' is from Central.

Hercule Poirot's most crucial case, this razor-sharp comedy thriller stars Dame Peggy Ashcroft and Ian Holm.

'Strong Medicine' may strike you as a production in which Thames has a part.

A mini-series dealing with the intrigues of a pharmaceutical company, it fields a heavyweight cast led by Patrick Duffy of Patlas fame.

Of course, Hanni Sends Her Love; a gripping documentary on the Berlin Wall, could only come from the Granada team, couldn't it?

Naturally you could deduce that a scientific magazine programme of the calibre of 'The Real World' is made by Yorkshire.

And who else but LWT could assemble the nation's top comic talent to feature in a series of 'Summertime Specials'?

If these are your conclusions, you're wrong in every case.

Every one of these programmes was made by Television South.

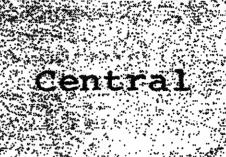
We're one of the newest and brightest of the ITV companies.

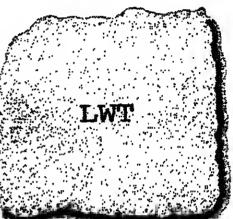
As a glance at our output will confirm.

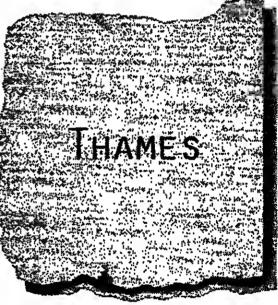
In future you can look forward to seeing our name at the end of a lot more television programmes.

And not just at the end of an advertisement.













"I ALWAYS thought junkies were pathetic ... yknow, I mean, the aort you find in public bogs jacking up with dirty needles ... I didn't know many of tham started chasing skag ... seems so easy ... yknow stuff ... no blood or finding veins or stuff ... "

Anti-drugs campaign

Anti-drugs campaign

The script of a radio commer-cial from the UK Government's controversial anti-heroin cam-paign, currently on air, doesn't mince words. This week, the war on drugs moves up a gear with the launch of the second phase in the campaign, aimed this time of parents.

Parents who don't know about Farents who don't know about

-and in some cases don't care
about—acid, skag, tranx and
speed, soon will. Ads showing
joints, blades, needles and
"stuff," the tools of the deadly
trade, will identify equipment
and drugs and suggest ways of
handling the problem. Aimed
primarily of mothers—who are
seen as pivotal figures, to whom
many young users first turn for many young users first turn for belp—the press ads will appear from September in women's

So far, the campaign, which is one year old, has been aimed et yonog "at risk" teenagers, aged 12 to 20 (not the confirmed addict, the hell-bent trier, or the not-tempteds, but the un-decided "potential trialists"). The focus initially has been on the physical cost of eddictionloss of hair, impotence, mental problems, skin infection, blood

disease. This teeneger thrust con-This teeneger thrust continues, hut with new expressions of the sama message, now showing the social cost of addiction. "All she wanted was to look good in front of friends" says the headline, showing a sick young girl. How much can heroin cost you? says another. "It can cost you your looks. It can cost you your family. It can cost you your mates . . . . your cost you your mates . . . your bealth . . . your possessions . . . "

From the start the campaign has heen closely monitored. Results of research after the Results of research after the first 12 months indicate that it is achieving its objective of turning "et risk" teenagers away from heroin. David Mellor, a Home Office minister with responsibility for drugs, this week told a TVS conference held to launch a new drugs offencing in lite region. drugs offensive in its region, that there are signs that teen-

that there are signs that teenage opinion is shifting away from drugs. "The next phase," he added, "ia a battle for the hearts end minds of parents throughout the country."

Even so, there has heen some concern, especially among those who work with drugusers, that in heightening awareness of heroin, tha campaign will only encourage youngsters to try it.

### A battle for hearts and minds

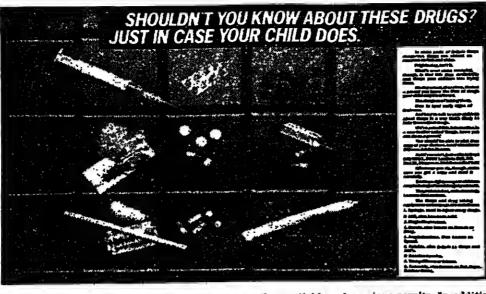
Feona McEwan takes a look at the latest stage in the UK campaign aimed at preventing teenagers from becoming drug victims and which includes ads giving parents information about danger signals

were so keenly recalled, even though it was a lightweight campaign (i.e. not many ads appeared) that it was running the risk of them becoming so familiar that teenagers were no longer taking notice of them. New ways of expressing the same message were there-fore deemed necessary.

Preventative public service ads, like anti-heroin, are notoriously tough for agencies to get right. The campaigns for seatbelts, under-age smoking, drink and drive and Aids have stretched advertising agencies to their creative limits. The voice of scorn, doubt and downright condemnation is never far eway, from sceptics who argue that money spent on persuading people NOT to do something (rather than TO do something) is money down the drain, counter-productive, and mission impos-sible. It is an extra challenga to reach teenagers who are strong on cynicism (especially ebout advertising), and to whom peer group is all and authority is nothing.

So what can such campaigns Government believes they do. Countering the critics who call for money to be sunk instead into research and treatment of awareness of heroin, tha campaign will only encourage youngsters to try it.

Yellowhammer, the agency behind the campaign, says it was finding that the first ads



drugs," said Norman Fowler, techniques currently evailable of previous results. In addition, social services secretary when for mass media advertising, the press and poster advertising both qualitative and quantitaphase yesterdey in London. "A live." phase yesterdey in London. "A much higher proportion of young people come across drugs these days, and so it is vitally important for our children growing up with drugs to know what they are encountering." Research shows that many teen-agers are offered drugs, very often by friends, without know-ing what they are. Heroin is currently widely available (£5 is enough to huy a round for two people) and users are chasing (inhaking) it rather than injecting it.

jecting it.

"We would not have continued with the campaign unless we helieved it was beving an effect," Fowler continued. This year the Government has put £2m behind its advertising message, an increase on last

The agency and its client (the Department of Health and Social Security via the CoI) are adamant that the campaign is working and they challenge any doubter to check the research (on view at the Houses of Parliament library and the Institute So what can such campaigns for the Study of Drug De-achieve? Do they work? The for the Study of Drug De-achieves they do pendency, in London) which

The reasearch took two forms: initial exploratory re-search to belp define the advertsearch to belp denne the advert-ising strategy, which meant talking to addicts, parents, youngsters, Interested profes-sionals (family doctors, proba-tion officers, school teachers); and evaluation research. The latter fell into three stages: initial benchmark research checking attitudes and awareness among the target groups, then at six months into tha campaign and again 12 months

The findings showed that teenagers were showing much more resistance to trying heroin, and were able to give specific reasons for refusal, citing some of the examples of physical deterioration men-tioned in the ads. "The campaign seems to have undercut the glamour." saye Harari. "The user is seen as less of a peer leader and more a loser. This shift in attitudes is something advertising is uniquely able to

pendency, in London) which they say has been conducted by independent market research companies "with no are to grind," says Sammy Harari, a director of Yellowhammer. "It'o the most thoroughly researched campaign I've ever worked on," he says. "We'va used the most sophisticated market research results compared with the best results compared with the best

new Liverpool Acupuncture Clinic which has treated 400 addicts since it opened four months ago, bas doubts about the months ago, bas doubts about the campaign's approach so far. (The clinic claims to wean addicts, mainly aged 16 to 24, in about 10 days on average, off beroin. Most of the addicts heve been spending £35 a day on their habit for at least two years.) The clinic quizzed 70 addicts about the campaign. "The first thing they tend to say," says Ward-Baskin, "is that beroin addicts don't belong to Equity. They find the ads very contrived. And if you don't get young people's trust they don't listen to what you're saying. We're forming tha opinion that thing they tend to say," says ward-Baskin, "is that beroin addicts don't belong to Equity. They find the ads very contrived. And if you don't get young people's trust they don't listen to what you're saying. We're forming the opinion that the campaign might work towards greater awareness but that it might direct people towards drugs. So unless it's extraordinarily accurate it might be dangerous. I'm genuinely worried about the next phase of the campaign," he says. But he concedes thet "it's an extraordinarily difficult project."

The new commercials, how-

The new commercials, howaver, may go some way to allaying such fears. Two television eds, shot by Ridley Scott, director of Alien and Blade Runner, show teenagers in realistic situations, rather than the stylised shots of the first phase. shots of the first phase.

shots of the first phase.

One ad features a young trendy streetwise teenager, at a party with her boyfriend.

"Don't know why you don't try it," he says. "Yon got to be a nut," she says. Later in the bus shelter going bome, he reckons "be can handle it." The final shot shows him aitting alone et home, sniffing "got a cold or something..."It shows you can say no without losing your street cred," says Harari. The second ad shows two ness and recognition than is normally found."

In the spring of 1985, 720 teenagers were asked if they teenagers were asked if they would take beroin if offered it by a friend; 83 per cent said definitely not, 11 per cent were not sure and 6 per cent might. After the "Heroin Screws You Up" campaign, another 720 teenagers were asked the same question. Ninety three per cent said definitely not. 4 per cent

The second ad shows two young boys, in an urban jungle, one offering the other some "stuff." A third, obviously addicted, joins them, sniffing "with a cold or something." Main changes, according to RBL, were increased awareness The non-user makes his mind up. "No tanks," he says in a northern drawl, "not today." As well as the television commercials there will be ads in the youth press and in cinemas. of symptoms and consequences to health of heroin usage; decreased perception of any benefits of heroin usage; decreased beliefs that taking heroin via sniffing or smoking is less addictions increased.

The UK campaign is ricocheting around the world. Already inquiries have come in from Australia, America and is less addictive; increased belief in death as an inevitable consequence of beroin usage; more confident specific reasons given in support of refusal. Some critics of the campaign argue that beightened awarefrom Australia, America and France which are keen to learn from the exercise. Harari has just returned from an intensive tour of Australia at the Government's invitation. "They are ahowing a very very close interest," he says, and are currently studying the UK research. ness of the issue only moves people to try what would other-

### A case for tailored global marketing

BY CHRISTOPHER LORENZ

UNILEVER'S Impulse body spray, which it has turned into a global brand, was developed Parker's survival.

Whan multinationals follow he Unilever / Reynolds the Unilever / Reynolds approach, and use field managers' ideas for global marketing programmes, it belps reduce resistance from country managers everywhere to the whole notion of global marketing, and the greater central control thet it implies. But when they move too fast and insensitively from local to global control, like Parker, they can cause demotivation and ineffectiveness in the market place. the

This warning comes from John Quelch and Edward Hoff, two Harvard University academics whose salutary article on "Customising Global Market-ing" is published in the latest edition of the Harvard Business Review.\*

Too often executives view giobal marketing as an either/ or proposition," they complain. It is seen as necessarily synonymous with complete global standardisation and virtually zero local control.

zero local control.

Instead Quelch and Hoff argue that companies should tailor the approach they use for each element of the "business system" (research; development; supply; production: marketing), and for each part of the marketing mix (product design; hranding; positioning; advertising themes; pricing; advertising themes: nricing; advertising copy; distribution; sales promotion; customer service).

wise not heve occurred to them, interest," he says, and are currently studying the UK ing out that youngsters are more widely confronted with drugs now, through friends at school and parties and so on. Far better that they be well informed in order to make rational choices, it argues.

Others are not so sure. Ian Ward-Baskin, scientist at the about where to go from here,"

interest," he says, and are currently studying the UK Both Nestle and Coca-Cola commercials, But they warn that, to ensure that such ads have enough attention-getting power to overcome their foreign processes are very different. Nestle uses largely global product design, brand names and packaging, but it adapts its positioning, advertising and decisions meeds to be taken by the correct of the

requirements of each region or country. Coca-Cola, on the other hand, ceotralises most elements of the business system and the marketing mix, except for sales promotion ond customer eervice.

Quelch and Hoff also tilt at the Conventional wisdom that

Quelch and Hoff also tilt at the conventional wisdom that the main motivation for globalisation is the relectless quest for economies of scale in development and manufacture. They claim that "Coco-Cola's global policy and Nestle's interest in tighter marketing co-ordination are driven largely by a desire to capitalise on the marketing ideas their managers around the world generate, rather than by potantial scale economies."

Nestle, for example, makes its packaged soups in dozens of locally managed plants around the world, with some transference of engineering know-how through a hesdquarters staff. Products and marketing programmes are also locally managed. "But new ideas are aggressively transferred, with local managers encouraged—or even prodded—to adept and use them in their own marketing does not so much yield high manufacturing economies as high efficiency in using scarce new Ideas."

using scarce new Ideas." Quelch and Hoff point oot that strategic elements of the marketing mix such as product positioning are more easily standardised than execution-sensitive elements such as sales promotion. But whatever the element they recognise that tha element, they recognise that tha pressure to standardise inevitably increases when head-quarters believes it has identi-fied a superior marketing idea — whether it be a package design, a brand name, or an

advertising copy concept. Commenting on one of the most controversial aspects of global marketing — the stanglobal marketing — the stan-dardisation of advertising copy — the authors concede that McCann-Erickson claims to have saved \$90m in production costs over 20 years by produc-ing world-wide Coca-Cola com-mercials, But they warn that,

#### **TECHNOLOGY: Computing**

Latest version of Unix computer operating system causes a stir among specialists

### AT&T-Pied piper or policeman?

not exactly shaken.

The X/Open group, an association of largely European computer manufacturers, committed to the establishment of operating system. a common operating system standard for which software applications can be developed, was concerned by what it saw es disappointing progress in the

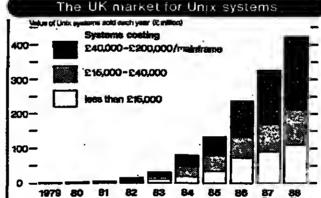
handling of European character

A greater source of concern, however, was the pricing of the new Release 3.0. Unix was developers pay tems, at last month's Netional Computer Conference in Last Vegas, together with a new cocktail of prices for its use.

Unix specialists, who had been waiting eagerly for the new software, known as System to the specialists, who had been waiting eagerly for the new software, known as System to \$43,000 to \$65,000 for Release 3.0, were stirred if not exactly shaken.

The X/Open group, an association of largely European

All that was straightforward to the latest version of concern, however, was the pricing of the specifications for the sp



said definitely not, 4 per cent weren't sure and 3 per cent

said they might.

## Releese 3.0; the royalty fee varies from \$60 for a single-user system to \$150 for Unix products and with all the bells and whistles. All that was straightforward enough; what has set some software developers' backles rising achieve standardisation or to part ware developing applications software conform exactly to its specification for the connections between Unix and the application program. Put simply, anyone develop But as Mr Geoffrey Morris, husiness development manager at ICL for Unix products and charman of the X/Open group and of the spectrum, the major manufecturers will continue to offer their own proprietary operating systems for their own proprietary operating systems for their own proprietary operating systems. AT&T sale its interface specification to belp people asks: "Is AT&T using its interface specification to belp people asks: "Is AT&T using its interface specification to belp people asks: "Is AT&T using its interface specification to belp people asks: "Is AT&T using its interface specification to belp people asks: "Is AT&T using its interface specification to belp people asks: "Is AT&T using its interface specification to belp people asks: "Is AT&T using its interface of the spectrum, the major will continue to offer their own proprietary operating systems for their own proprietary operating systems software. At onso of the spectrum, the major will continue to offer their own proprietary operating systems software. At onso of the spectrum, the major will continue to offer their own proprietary operating systems software. At onso of the spectrum, the major where medium scale systems are being installed to service are being installed to service whole departments or entire small husinesses, that Unix with an interest in a standard end of the spectrum, the major where medium scale systems software. At onso of their own proprietary operating systems software. At onso of the I/Open and others of their own proprietary operating systems. BM'S MVS/AA for example, ICL'e VME or Burning in the spectru

### Flexible machine manager with big advantage of portability

It does this by an elaborate system of job scheduling, whereby the available time for Unites, and X-tra seem to be genuine breakthroughs in the battle to establish Unix es a processing is shared out true alternative operating between all the users of the system for all sizes of business

AS WITH other operating cessing editing and the development of applications programs, managing the internal operations of the computer and with allocating its resources between its users. It can be used both on single microprocessor systems and on giant vector and array processors like the Cray

array processors like the Cray can move up to a more power-ful machine and continue to use

Which means that a Unix user carries user confusion and hampering software development." technical shortcomings. Record and file locking features which prevent multiple revisions of an open file are poor, and expert programmers can break into

that the faults and weaknesses in Unix are few compared to its potential to topple the barriers of incompatibility in business

are some 25 different commercial versions of Unix in existence and at least as many "clones"—Unix like systems which aim to provide the sama facilities.

Historically, Unix was used in development at Bell Labs for o number of years before it was released to universities and colleges.

So there were many oppor
of incompatibility in computing.

Input does point out, bow-ever, user interest is still low:
"This does not necessarily mean that Unix will fail, only that as a standard operating system, Unix will probably have to share that label.

\*Major Western European Markets for Information Services 1855-1990, Input,

#### Pick fills business application niche

THE STEEL wheels fitted to THE STREE wheels after to London's Underground railway rolling stock wear dramatically in service. So much so that conventional milomoters cannot be used to measure the distance they have travelled.

This information important in calculating maintenance intervals. Until maintenance intervals. Until last year, London Regional Transport (LRT) based this calculation on the number of days the train had worked. The logic underlying the calculation was shaly, the methods of collecting the necessary information hap-

hazard.

Last year, after some months of tests, LRT brought in a \$74,000 new system involving terminals in the depots linked to a McDonnell Douglas processor in central London. Data and messages about train scheduling are processed by the system and form the basis of the maintenance programme.

form the basis of the mainten-ance programme.

One LRT staff member commented: "We have gone from writing messages on the back of fag packets to elec-tronic mail in one step."

The electronic "glne" which holds the LRT system to-gether is a little-known but well rezarded multi-user well regarded multi-user operating system called Pick, after its originator Mr Richard

It is often held to be the major competitor for Unix in the medium-sized system market, although as a soon-to-be-published report from Digitus\* makes clear, the two ture and purpose. Pick, it argues will continue to be successful in its own niche, but Unix will dominate the mid-range operating systems

Unix is very much a general purpose operating system; Pick is especially well suited to business applications where efficient database manage-ment is required, as it features integrated database facilities facilities.

According to Digitus: "Pick sepecially good at the well-structured applications that make up so much of any company's computing require-ments—functions that can be programmed in advance and un day after day throughout

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> scientific and engineering applications, lacking mathematical precision and functions, and it is not best suited to personal computing applications

applications
Pick is significant because it is a well integrated package which offers advantages over Unix in getting systems started quickly without specialised computer staff. Furthermore, in McDonnell Douglas, the largest supplier of Pick systems, it has eformidable champion.
The US aerospace and information technology major accounts for about half of the Pick systems installed world-

Pick systems installed world-wide and three-quarters by value of the systems installed in the UK.

in the UK.

McDonnell Douglas's involvement in Pick eame about
through its acquisition in 1980
of Microdeta Corporation, on
whose machines Mr Pick first
developed his brainchild.

Some 18 companies are now charter members of the Spectrum Manufacturers the Spectrum Manufacturers Association (SMA), o trade association for companies offering Pick-based operating systems. In addition to McDonnell Douglas and Mr Pick'o own company Pick Systems (which will prepare a version of Pick to run on a power company processing the pick of the pick of the pick to run on a power company. a new computer system for \$1m), the group includes Fujitsu Microsystems of America, General Automation, Intertecimique of France, Nixdorf Computer of West Germany and Prime Computer

An entirely new version of Pick, designed to overcome the problems and restrictions found in the current product is being developed by McDonnell Douglas, under the name "Open Architec-

According to Digitus some 3,000 copies of Pick worth \$245m had been sold in the UK to the end of 1985 and the system was showing a compound annual growth rate of over 60 per cent.

It concludes that Pick la going through a phase of expotential growth: "So vibrant a market is bound to attract the higger companies."

\*The Pick Report, Digitus 01-379 6968, £95, available in three

### UK leads chase to beat system deficiency

Cations.

Root Computers, a comparatively young softwara bouse which boasts Dr Robb Wilmot, former chairman of ICL, as chairman of its internetional edvisory panel, bas developed a edvisory panel, bas developed a which looks, from the point of which looks are lear advantages over last some clear advantages over which limits the same of that compared the limits of the limits of the point of the full-scale points out that compared the limits of the point of the full-scale points out that compared the same of the point of the full-scale points out that co

BRITISH companies are in the vanguard of attempts to create software which will rectify ons of Unix's most glarling deficiencies—its lack of teleprocessing facilities.

Without such a facility, Unix is only 65 per cent suited to business data processing, say the experts. Teleprocessing, which makes it possible to collect data at one or more seperate locations, transmit tha data to e central site for processing and distribute tha results to points where they are required, is central to modern business computing.

The best known teleprocess-

puting.
The best known teleprocessing software is IBM's CICS (Customer Information Control System), developed over many years and now the key to years applications running on IBM means frames.

IBM customers have invested many thousands of dollars in the cost of such a system can be as little as 10 years of the mainframe price.

Aregon International, a UK-based software bouse best known for its videotez technology has developed a Unix teleprocessing system called X-tra, the only European company to be commissioned to do so by US giant AT & T, the company claims.

The software took two years to develop, according to Jeremy wood of Aregon and runs undar Unix V Release 3.0

It is a massive program, some 200,000 lines in length, but its



than one task at a time. Users. for example, might all be working with different programs, but

Unix is both "multi-user" existing software. Because a major part of the investment in that it allows a number of users—more than 64 in large scale systems—to use the computer of the same time. Furthermore, it is able to handle more than contract as a time. It follows from the portability one than contract as a time. It follows from the portability of the system that only one interface between the user and the system—the instructions,

ful influence at the comparatively young UK software house, Root Computers teleprocessing facilities with great security while running at high speed.

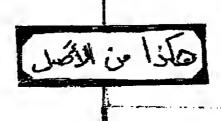
It does this by an elaborate ing with different programs, but each would have the impression the machine was his or hers alone, and that all the resources of the system were dedicated to that program.

It does this by an elaborate instructions, commands and so co—has to be learned to use Unix on micros, minis or mainframes.

ATAT, furthermore, provides training and support to hardware and software vendors that license Ilwiv

Among the problems Input identifies are the fact that there are some 25 different commercial versions of Unix in existence and at least as many "clones"—Unix like systems which aim to provide the sama facilities.

the most well-protected Unix files. Commercial versions of Unix such as Xenix from Microsoft aim to solve this Those who support Unix as a genuine alternative to IBM's domination of information processing and as a way forward to comprehensive standards say



#### London galleries/William Packer

### Summer in Cork Street

The summer holidey are almost upon us and already the private galleries are looking variously to theme or stock exhibitions to see them through.
This is not et all a matter for reproach, of course: bow could it be when the old ploy, this year as ever, hrings out the usual rich miscellany of heautiful things? The about walldown Cork Street supplies the demonstration with edmirat(, economy of effort on a hot, very hot, afternoon.

It might be the small Matisse in Knoedler, that Kasmin has slipped in emong his gallery

in Knoedler, that Kasmin has slipped in emong his gallery artists, or perhaps the run of modest late Harpignies landecares in Stoppenbach and Delestre, that brings one up short with pleasure and surprise. And across the road in the Piccadilly, at the heart of a mixed drawings show that is especially strong in work of the especially strong in work of the Seccesion and the Neue Sachlichkeit, with its Hubbuchs and Schlicters, it is quite as likely to be the magnificent Klimt, the largest of several, of e women turning away, not quit profil

But why atop there? Along at the Mercury Gallery there is yet another aummer selection, of drawings, water colours and a painting or two that range from earlier modern British to the very new, from such as Lovet Fraser and John Minton hy way of Elizabeth Blackadder, Houston, Michie, Remfrey and Rimmington to the very young. One of the most impressive works is indeed a large and hold drawing of flowers hy one of the gellery's latest recruits, Barhara Walton. But the star of this show is

undouhtedly Joan Eardley with drawings inside and wonderfully strong painting, a small por-trait atudy, in the window. Joan Eardley's critical star has been high since at least her deeth more than 20 years ago, but institutional support has lagged dreadfully behind. It is all the better to hear, therefore, though so scandously late, that at last the Tate has acquired its first Eardley, a major landscape oil

painting. Back down the road again to Browse & Darhy where the gallery is full of British and French painting, drawing and sculpture of 1865 to 1965 (until August 2). It is an exquisite show, even allowing for the disappointment of the absence of the promised Degas pastel of a woman hrushing her bair, sold in advance of the event.

The compensations are more than adequate: fine Sickert Dieppescapes and other things; a ravishing fragment of flower.

a ravishing fragment of flower painting by Vuillard, a tiny blue and white posy in a grey ragged queue or march, perpot; a Malthew Smith still life; haps; Robert Maeon—four small a lusb and rapid landscape in studies of sprawling, fragmen.

Provence by Roderic O'Conor; tary nudes; and Michael Porter Joyce Calrus and Philip Braham maquettes by Moore and Rodin; Boudin water colour *croquis* of and undergrowth. figures on the beach, fugitive as shadows: a Paul Maze garden under snow. And there is William Nicholson, father of Ben and in so many respects the more substantial and particular ariist, represented here by two major works: a portrait by two major works: a portrait of a child got up ss an Infanta in unforced pastiche of Velasquez; and a small, pale and masterly landscape study across the weter meadowa of the River Arun.

Across the road, Nicola Jacobs has set herself a narrower thems the rotal language.

rower theme that yet allows her the widest scope. Heads hringa together (until August 30) work of all kinds of modern figuration, from Picasso (in-cluding one of his decorated pots). Giacometti and Derain. through Bleke, Hockney, Frink and Turnhull, to Clemente, Salle, Wiszniewski and Bruce McLean. Of it all, it is the Derain, a small brown and pink



Detail from Taking in the Corn by Adrian Wiszniewski, In the collection of the University of Strathclyde. A smaller version of the same subject is on show at the Nicola Jacobs gallery in Cork Street

position that fills the end wall, in consequence, powerfully Ken Kiff's redheads or the expressionist both in the con-Wisnlewski hoy in his red jumper that takes the eye.

practical handling.

Round the corner out of Cork ber even more generous theme.

But more impressive etili are Uglow, and most especially from Leon Kossoff. And two remarkable charcoal studies of the head by Maggi Hamhling, remarkable for being at once so free and so concentrated, are whet impressed me most of all. The last exhibition I shall

mention takes us sway from Cork Street altogether, across Piccadilly to King Street in St James a where Fischer Fine Art is showing The Human Touch (throughout August). A freelance critic, Mary Rose Beaumont, was invited by the gallery to make a perconal selection of work by young artists from England and Scotland, and in the even she has fixed upon 10, whom she can show in some depth.

painting of a girl's head, of particular to work by artists 1928, that I covet most, but It who, as sha puts It, "are consist nonetheless a lively and cerned one way or another with interesting show overall, the human condition," whether whether It is the aggressive directly or by suggestion. Such interesting show overall, the human condition," whether whether it is the aggressive directly or by suggestion, Such decorative diptych figure comtoday that the show as whole is,

It may not have been quite Street hut only hy a few yards,
Anne Berthoud, at 10, Clifford
Street, has taken Figuration as
polarity, proves to be the ber even more generous theme. demonstration she so clearly She has confined berself, how makes that Scotland hy no ever, to work on paper, all of means enjoys the monopoly of Interest and quality in new work of this kind. Indeed the gouaches hy Roger Hilton, who dled in 1975, set the period, and ter from South Africa who gradthere are fine things from uated from the Royal College Michael Upton—two tiny and enigmatic place setting still lifes. Terry Setch—a somewhat out now is bardly a surprise.

The Scottisb contingent is strong enough for all that, with royalists. -small studies again of trees outstanding. It is slso good to see Ian Howard, whose work I already knew, moving away the more straight forward from his established graphic studies of the figure from life, finesse and sophistication into from Frank Auerhach and Euan something much more painsomething much more painterly, open and even risky without sny sacrifice of identity. He was always eminently talented, with an easy facility, but now his work seems so much more personal and deeply felt. Though the changes may appear to be quite slight, the difference hes made it all so much more interesting.

> Opera Magazine has new editor

gallery to make a pereonal selection of work by young artists from England and Scotandard, and in the even she has fixed upon 10, whom she can show in some depth.

She has addressed berself in Rodney Milnes is to take over from Harold Rosenthal as editor of Opera Megazine from the beginning of September, when Mr Rosenthal retires after 33 years. Mr Milnes has been deputy editor aince 1985.

#### Il corsaro/Nîmes

#### **Max Loppert**

In France the great Roman arena at Nimes is popularly associated with hull fighting, not with opera in the open air: not with opera in the open air:
the larger structure not fer
away at Orenge holds a firmer
place on the summer festival
circuit. But the current Nimes
clivic administration is set on
changing all that. Following
recent samples of the more
famillar erena fare (Aida in
1984, Turandor in 1985), the
production this year of Verdi's
Corsaro proved to be an inspiretion—a challenge boldly taken etion—a challenge boldly taken up and bandsomely surmounted. The second Verdi opera based on Byron (the first was I due Foscari) had never before been Foscari) had never before been given in France—and, in spite of the smattering of modern revivals in the usual Verdian baunts (including Camdan), and of a strong Philips recording with Carreras, Caballé, and Jessye Norman, it's not all that common elsewhere. Attractively

of the more curious samples of lesser-known Verdi,—"certainly minor Verdi," Julian Budden's classic atudy crisply sums up. The proportions feel uncomfortable. Like Alzira — that other rarity of the Verdi "galley years" unaffectionately recalled by its composers in later years—it seems too chort for its content, and uncomfortably assorted in its balance of action and repose (the heroics tend to be despetched with unfeigned bald haste).

It is, in fact, an intimate of the more curious samples of

It is, in fact, an intimate piece, with only four main characters placed in mainly confirst enthusiastic about the poem, appears to have cooled off later (as he began to face its operatic intractability?)—yet for all the obvious weak passages, Il corsaro is a work that that arouses an unshakeable devotion. The unusual provenance of two leading sopranos—Gulnara, favourite of the pasha common elsewhere. Attractively cast, and adepted with decisive intelligence to the exigencles of al fresco staging, the Nimea production resulted in one of the more worthwhile early-verdl outings of modern times.

Il coraoro of 1848 (it comes in the working the modern times. in the run-up to Luisn Miller, Medora's gentle, pliant charac-Stiffelio, and Rigoletto) is one terisation singles her out in a

him any lingering sympathy.

So much more was going on at this time than a sousbble

between the two beroic lawyers,

but you would never know it.

Danton, first seen lolling on a

day hed gently molesting his

second wife and offering her

the titla "Mistress of all

France." Mr Cox played Danton

In the last National Theatre

revival and has successfully

graduated from fiery Epicurean

to self-delading libertine, with a Beethovenish scowl and a ringing voice of tempered steel.

The Robesplerre of Ian McDiarmid is no less impres-sive, a slightly stooping spidery

figure with a stinging vocal delivery that tightens and

Squawks under pressure. Mr McDiarmid actually shows how

to shout down a meeting or, in the key Convention speech, how to turn a popular mood. The hero of August 10 is derided as a privileged individual and, donning his sinister nebbled exercises as if assum-

pebbled spectacles as if assum

ing a sudden disability, Mr

McDiarmid growls out the merits of public virtue and a

terrifyingly inflected vision of

democracy. Hilton McRae's

glowering, curiously lnarticulate

Saint-Just, perches angelically

Around them Ron Daniels' production on an imposing hurnished replica by Farrah of

on his shoulder.

short space. And if the ricbest airs and dnets ere experienced essays in subject-matter later more fully achieved in 11 trovatore and even Don Carlos (a wonderfully plangent prison duet), their concentration of melodic and instrumental details shows the fascinating ways Verdi's command of music-theatre was enlarging.

music-theatre was enlarging.

After any successful earlyVerdi encounter one elways
wants to dispute the catagories
of "minor" and "major" into
which more dispassionate
judgment justly assorts the
various works. This is, indeed,
s touchstone of performance
quality; the Nimes Corsaro
certainly sent me out of the
arena wanting to break a few
lances for the work. Considering its intimate character it
was, no doubt, a risky choice
for arena performance. (But
then, open-air opera is always
a funny husiness—this is a
subject I shall touch again
after next manth'a visit to after next manth'a visit to Verona.)

Until one got used to it, the orchestral halance , was the fraught issue here: wind parts clear (and Verdi's beautifully

pointed use of oboe and clarinet newly admirable), strings sud-denly fading into the distance perhaps with the bursts of breeze that hlew through the theetre. By and large, the voices sailed across the distance with tone unscathed; as the volces on offer were unusually true and pure for modern Verdi singers, the effect was bathed in quiet radiance. Iliness removed the original conductor, Emmanuet Krivine, and substituted his voung excitator Patrick Fouryoung assistant, Patrick Four-nillier, Rapport with the chorus nillier. Rapport with the chorus (excellent) and orchestra of the Teatro Liceu, Barcelona, was strong. It was a very sure performance, at once dramatically alert and unhurried—always the best Verdl kind, and essential for large spaces.

Illness also removed the prima the alternate cast, the Amarican Sarah Reese, with three consecutive appearances. At the second, she sounded like an important new verdiano—lustroua, fleet in ornate passages, full of colour and vitality—so the schooling is evidently accure. The contrast with the damage than usual.

mora plscid Medora of Stefka Evstetieva (whose middle regis-ter is particularly warm) helped make the final trio the emotional light point of the evening. In the title role another American, Eduardo Villa (alternating with Giorgio lamberti), bad not the ringing tones associated with the Fach, but be was clean and musicianly. Gluseppe Scandola in the baritone part of Seid was more ordinary, but never vul-gar or insensitive.

A strikingly simple stepped platform, with a vestigial mast and sail et its centre, provided the acting space. There were no sets, just alternations of coloured cloth and costumes the locations: with define the locations; with torch-bearing sentries at the highest epertures, and quick movement (impressively puncdonna, Sylvia Sass, at a late tual arrival and departure of stage, leaving the soprano of the chorus) from scene to scene, the coorus) from scene to scene, the dramatic pattern of Jean-Louis Thamin's production and Ricardo Bofil's designs was incisively styled to the linked demands of work and theatre. A thousand French cigarettee glowed in the dark; even the occasional camera flash did less

#### The Danton Affair/Barbican

#### **Michael Coveney**

"The future belonga to the spring of 1794, with the Comlate Danton," declares Robes- mittee of Public Safety baying pierre as tha sensualists and for Danton's head, at first overtheir leader mount the scaffold, ruled by Robespierre. Robes-Pam Gems's new play for the pierre offars withdrawal of Royal Shakespeare Company discipline if Danton supports follows the intention of its the government; Danton wants source, the restoration of the Terror shandoned. But Robespierre as a dramatic hero Danton's secret knowledge that at the expense of the romantic the people don't really want legend first celebrated by freedom is rumbled and costs

Büchner. The source is a vast Polish chronicle by Stanislawa Przybyszewska (1901-1935) which was lost until the mid-1960s and has since served as a basis for France was at war with five Wajda's stage and screen ver- countries, tha city was undersions of the story. Miss Gems going huge reconstruction. believes that ber work is in Instead, we witness a stand up part justified by the fact that personality clash. Brian Cor's Wajda's screen Robesplerre resembled General Jaroselski while Danton was snaffled by the battered pin-up Depardieu.

Without knowing the chronicle, I would guess too that Miss Gems plies on the anti-Danton treatment by inventing a sadistic sex life for bim with his child bride Louise. But there is much historical corroboration for the accusations of venality, property acquisition and two-timing with the

But in the end this play is a reduction to a personality contrasts hetween ldeological pedagogy and poetry. Büchner's Danton is craving death with intemperate gusto, while Miss Gems's goes swaggering defautly to the end, causing mayhem in the tribunal and haring his neck to the and haring his neck to the strains of the Marseillaise. Whereas the Polish chronicle nas, I understand, 30 pages of a bread queue scene, we ere peremptorily informed by Miss Gems that there is unrest in the communes and a shortage of hread.

Then it is on with s French Revolution pageant that is neither informative in itself nor urgent in its application. What exactly is the point of doing it at all? The answer comes mcrely in the bistrionic inteneity of the performance, and for some that may be enough.

The action covers the same period as in Büchner, the urmished replica by Farrah of the Tuileries Palace interior is a busy progress of undernourished characters waving tricolours and shouting the revolutionary odds while wait ing to be despatched into the wings on two large trucks. This is all well organised and done period as in Büchner, the



Alastair Mult

Bruce Myers and Josianne Stoleru in Dybbuk

#### Dybbuk/Almeida

Bruce Myers, the former tracks and an unsuitable hus- at the dance, then as Leah's RSC actor who has been a stal- band for Leah, daughter of the grandmother in a silken manwart of Peter Brook's Paris rich Sender. Leah is distraught tilla ("Don't talk about Cosoperation for 15 years, pro- at Channon's death and, at the sacks!") accompanying the girl duced this remarkable version arranged wedding feast, is posto the cemetery. of Anski's The Dybbuk for the sessed by his dybbuk. An old The secular Je 1980 Avignon Festival. He and Joslanne Stoleru return with It to London (until August 2) and in the ritual and is reunited quencea of their Orthodoxy, provide an evening of dignity, with the spirit of Channon who climactically so when Leah's

A bad production of this grest play ("a dybbuk" is a can dagenerate into langhable hokum, a sort of Ylddish Exorcist with the demonic posthis danger hy relating the story in the context of an old couple's Sabhath night dinner, an apostraphised tale told to reinforce religious belief.

The setting is aimple. The dinner table of candles, cholla hread, imaginary soup and wine. stans on a large Persian carpet. The old man telis bla wife

Michael Coveney

rabbi exorcises the demon, but family joy and high theatrical skill, returns to claim ber soul.

tion. We await s British re- I did not recognise you").

challenges. Vakhtangov) at its 1922 Moscow premiere; here, it prospers in a minimalist hut never etingy interpretation, for Mr Myers weds directness and simplicity of an audispley of acting virtuosity. After falling down dead as Channon, he rises in one movement, first as the feteful beggar in with which is the feteful beggar missed.

The secular Jewisbness of the

jostles hilariously Leah breaks the circle of ealt against the aberrant consefather (Mr Myers bas sleeked There is much invocation of back bis bair and adopted a the Torah, much lucantation thunderous massos exterior) disembodied turbulent soul) of the minion in white shrouds reada out the congratulatory bearing black candles. Mr telegrams and responds to a Myers has no trouble bere. What moral greeting with a music he does accrifice is the family hall cautionary tale about a session of Leah a symptom of feud and its resolution and a poor tallor who was struck stomach cramps. Myers skirts sense of wbirling Brainltz down in Odessa the minute be countryside of beggars and spent his exiguous savings on peasants at odds with the auper- a new ault. (" Why me, God?" stitutions of Hassidic jurisdic- "To tell you the truth, Schlomo.

vival prepared to face such Anski's four acts have been compressed into a 90-minute The play established the demonstration of the play that Hahimah's reputation (and is nonetheless deeply moving. that of Stanislavsky's protégé Miss Stoleru, growling taher-Vertitendow) at ite 1922 Moscow nacle for her dead lover, connacle for her dead lover, con-veys demure strength, while Mr Myers, supple and empha-tic with the hook-nosed profile of an angry buzzard, underlinea the valueble truth of acting which sttempts everything and bides nothing. This is a brilliant production, not to be

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Date: July 17, 1986

#### Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

#### **Exhibitions**

#### LONDON

The Tate Gallery: Oskar Kokoschka – e major exhibition to mark the cen-tenary of the Austrian survivor of the great age of expressionism be-fore World War I, who died only in 1980 at the age of 94. He continued to work long into old age, by which time the sometime radical, ex-cavaltime the sometime radical, ex-caval-ryman in the Austrian Emperor's army had been long confirmed in the Establishment, a Swiss resident for nearly 30 years and British cit-zen for nearer 40. This full retro-spective confirms that the young painter, fresh from his studies in Vienna in the mid-190s, was an art-iet of vision and true genius. Ends ist of vision and true genius. Ends Aug 10.

French Masters of the 19th and 28th century: The catalogue of the yearly Robert Schmit exhibition reads like a Who's Who in painting. There are five Boudins, the gallery's special-ty. Caillebotte, Cézanne, Van Dong-en, Fantin-Latour, Oddion Redon en, Fanus-Latour, Coulon reads and even Soutine grace the walls with bouquets of flowers while Cha-gall has a flowering tree in his red-toned sunset. Degas has a study of two dancers and a fiery coloured oil of a nude combing her bair. There is or a name comming ner nam. There is a large composition by Derain from the late 1930s, the Painter And His Family grouping in a surprisingly realistic rendering – his wife with a book, his niece, his sister-in-law, family cat and himself in the centre before an easel with a brush in his

The strong point of the exhibition is e Picasso painted in 1990, e scene of typical Spanish figures in ex-pressive attitudes and striking colpressive attitudes and striking col-ours in front of a wine shop. As a counterpoint there is a stylised Woman in e Rocking Chair dated Woman in e Rocking Cnair dame 1956 with the same strong orange, black and hive summing up Picas-so's artistic development. Galerie Schmit, 395 Rue Saint Honore (4260 3636), closed Sun and lunch-time. Ends July 19.

**WEST GERMANY** 

bisselderf, Kunstmuseum, Ehrenhof 5: Otto Pankok (1893-1986). The Pas-sion; 60 huge charcoal drawings by the German expressionist covering 1933-34. Ends Oct. SPAIN

#### Madrid, References and Identities. An

encounter of prestigious interna-tional artists welcoming the inaugu-ration of a new art centre in Madrid: Centro Reina Sofia, Santa Isabel 52. STALY come, Palazzi dei Congressi: La Quad-riennele: A four-yearly event re-turus after a 10-year absence. More than 400 contemporary Italian art-ists in seven sections. Entertaining.

#### stimulating and immensely varied. Ends Aug 15.

NETHERLANDS Utracht, Catharijneconvent. The leg-ends and facts surrounding the life and voyages of St Brendan, the 6th-

#### July 11-17

century Trish Odysseus', are examined with the aid of fancifully illuminated manuscripts and early printed books. Ends August 10. Don Bosch, Noordbrabants Museum: Regional costume and jewellery from the Catholic south of Holland worn during 1500-1940. Ends August 31.

#### **NEW YORK**

Museum of the City of New York: Ar-bit Blatas's paintings, drawings and sculptures of Three Peany Opera scuprings of Three Penny Opera covering 12 scenes and 11 charac-ters, were inspired by the historic Theatre de Lys production in 1954 starring Lotte Lenya. Ends Oct 15.

National Museum of American Art: 68 amonal Museum of American Art of Pueblo Indian watercolours from between the world wars recreate the ritual animal dances among other disappearing tribal customs. Ends August 17.

#### CHICAGO

Art Institute: Famous as a fashion photographer, Richard Avedon undertook a five-year project to capture the American West in the tradition of nineteenth-century photographers such as William Henry Jackson. The results are "e fictional West", Avedon claims, with outsized portraits of Americans ranging from a rattlesnake roundon to county

#### Saleroom/Antony Thorncroft

#### Relic of Celts at war

A massive bronze srmlet, tha Greek hero, and commis-worn by some Celtic warrior sioned the goddessea to form in the first century AD in tha Arcavrail area of northern ment of Paris. Scotland, sold for £75,600 at An Helienistic gold necklace Scotland, sold for £75,600 at Christie's yesterday to the London dealer Zeitz. The armlet is 9 cm bigh and weighs 792 grams and was unearthed in the early years of this century. The price was comfortably ahead of the high estimate and the armlet was sold by the Sutherland Trust.

The auction of antiquities totalled £403,455, with 16 per cent bought in. All the major Items found buyers. A rare Greek wine cooler, decorated with drinking scenes, made around 470 BC, was on target at £54,000. There is an inner

restorations, sold for £34,560, as against a top estimate of £5,000. It was all by the Trustees of the Fltzwilliam Settlement. The high price suggests that the buyer agreee with the view of Dr Nicholas Penney of the Ashmolean Museum in Oxford that it was part of a tableau in the Fitz-Penney of the Ashmolean Museum in Oxford that it was part of a tableau in the Fitz-william home of Wentworth Woodhouse, nesr Rotherham in Yorkshire, with three goddesses Venus, June and Yorkshire with three goddesses the colder's kit.

As Royal wedding fever grips the nation, Phillips' sale yesterday of 100 lots of royal commemorative china realised £6,500 with only 1 per cent boundaries. The top lot

ment of Paris.

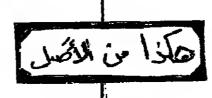
An Helienistic gold necklace and eer-rings of around 300 BC. formerly in the collection of the archaeologist Sir Arthur Evans, sold for £28,080, while a large alabaster amphora from Egypt, dated to around 1400 BC, comfortably beat its estimete at £25,920. A New Kingdom turquolae glazed composi-tion fish bowl of the same period more than tripled its estimate at £19,440.

Perhaps the most interesting lot, a Roman silver eating kit of the 5th century AD, was below forecast at £4,538. In Roman times guests brought their own cutlery to dianer and this is the remnants of a typical cast. It contains six implements at £54,000. There is an inner egg shaped wall to contain the wine, surrounded by a space for cold water, or melted ice, to keep it cold.

A Roman marble statue of Parie, which has 18th century rare fork. The group is comrestorations, sold for £34,560, as against a top estimate of £5,000. It was aold by the Trustees of the Fltzwilliam Settlement. The high price suggests that the buyer agreee with the view of Dr Nicholas

Roman times guests brought their own cutlery to dianer and that is the remnants of a typical their own cutlery to dianer and their own cutlers the the

with only 1 per cent bought in. The top lot was a royal loving cup, which went to a private buyer for £420. The Yorkshire, with three goddesses, loving cup, which went to a Venus, Juno and Minerva, constructed in the late 18th century by Joseph Nollekens. The orated by the cup were George idea is that the family had III and Queen Charlotte.



#### **FINANCIAL TIMES**

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Thursday July 17 1986

### **Anglo-Soviet** manoeuvres

THIS WEEK'S visit to Britain ment Moscow bas signed with hy Mr Edusrd Shevardnadze, a western country since the the Soviet Foreign Minister, has 1979 signing of the Sakt 2 markedly improved relations between the two countries. The process has bean mutual. Both sldes have wanted rapproche-ment after the chill of recent years but certain of their under-lying motives differ.

Britain's interest ls to resume playing a full part in east-west dialogue, while the Soviets have the more precise purpose of try-ing to get London to urge compromise on Washington when they are putting maximum arms control pressure on the Reagan

Mr Shevardnadze said as Strategic concerns much yesterday. After claiming areas of vaguely common ground hetween the UK and the Soviet Union on various arms control issues, be said: "We understand the UK and the US are close allies, and allies do have a way of baving an impact on each other's decisions." The key question is whether the Soviets are really trying to manufacture differences between London and Washington so as to drive a dangerous wedge between them, or simply exploiting known Anglo-American differences of view to get the US to shift policy on arms control in the direction that Moscow, and to some extent London, wants.

#### Wider overtures

First, It has to be said that, from the British viewpoint, there is no reason not to improva hilateral relations with fear of stepping out of diplo-matic line with other allies. Britain's relations with the Soviet Union have never in the past 20 years approached the degree of warmth that the US briefly achieved in the early 1970s, and other west European countries have since sustained, with Moscow.

The three Anglo-Soviet accords aigned this week symbolise a change. Settlement of pre-1917 financial claims wipes

But the relative rapprochement with Britain comes in the context of wider Soviet overtures to west European governments and a concerted Kremlin effort to direct western allied pressure on Washington. The Soviets submitted their latest soviets submitted their latest arms proposals to the US amonth ago. They are saying that virtually everything in the arms control field, including the next superpower summit, hinges on a favourable US response.

Evidently, the Societs are hoping for some sussion from Mrs Thatcher on President Reagan. It is perfectly correct for Mr Shevardnadze to bave cited British support for continuance of Salt 2 though continuance of Salt 2, though UK officials stress compliance by both sides, the US and the Soviet Union. Likewise, he was accurate in citing British support for maintenance of the Anti-Ballistic Missile (ABM) treaty, though UK and Soviet interpretations of what missile defence research is permitted under the ABM nact might not under the ABM pact might not be identical. Both Salt 2 and the ABM treaty are, of course, under heavy fire in Washington. The Soviet Foreign Minister was not far off the mark in was not far on the mark in saying that be understood from his London talks that Britain wanted practical, concreta results from the next superpower summit, which echoes the Soviet line.

Whare Mr Shevardnadze seemed to stray from reality was in deducing that Britain in the widest sense wanted to become more involved in arms control negotiations. This appears to be wishful thinking from the Soviets, who have sought to draw Britain into dissought to draw Britain into dis-cussions around the Kremlin table about UK nuclear wea-pons. The reality is the for the time being the UK Government wants to keep its involvement to those non-nuclear negotia-tions in which it is already engaged—witness the draft compromise on chemical wea-pons the UK presented this week.

rivals in bidding for what business Moscow, with its sharply reduced oil revenues, bas to offer over the next five years.

Perhaps the most significant accord is that on preventing incidents at sea it is precisely the sort of condene-building incidents at sea it is precisely the sort of condene-building incidents at sea it is precisely the sort of condene-building incidents at sea it is precisely the sort of condene-building in measure that east and west are trying to negotiate in other areass at the Stockholm conference. Mr Shevardhadze noted it was the first military agree
The PLO chairman continues to not commiss, causing substantial dislocation of labour on regional economies, causing substantial dislocation of abour interests of short-term advantance on the interests of short-term advantance on the fingles will lead it under the substantial dislocation of habour on competing ideas will lead it under the substantial dislocation of abour on regional economies, causing substantial dislocation of the street in the minds innered to finds innered to find interests of sbort-term advantance on the cause of fi

### Jury trials in

fraud cases THE British Government, as oxen in order to catch modern Mr Douglas Hurd, the Home fraudsters." Secretary, said earlier this Neither Lord Roskill nor the week, is considering early legis-lation based on recommenda-tions of the Roskill Committee on fraud trails. Mr Hurd confirmed that this will include the much overdue revision of the much overdue revision of the rules of evidence to take account of the emergence of the photocopier and of the international criminal. However, he said nothing about the most controversial recommendation of the committee the replacement, in cases of complex fraud, of the jury by two expert assessors. These are indications that the Government may decide against this proposal, which would be re-

The Roskill Committee was appointed in November 1983 when a series of City scandals threatened to shake the public's confidence in the insurance and the confidence in the con ecurities industries. Prosecution of some of the fraudsters was not even attempted because was not even attempted because it was thought impossible to satisfy the complicated requirements of evidence, some of which had to be obtained from abroad. There were also doubts whether it would be possible to satisfy the requirement of the Court of Appeal that the pleadings and summing up must be concise to enable the jury not only to understand the salient facts but also to remember them.

#### Fast prosecution

Since the appointment of the Roskill Committee, the import-ance of safeguarding the confi-dence of investors has become even greater. The Government is committed to a policy of wider share numership, while the City is embarking on a radical shake-up of its old rules

said, when welcoming the jury. But it is Impossible to Roskill report in the House of insist on the continuation of Lords, it is futile "trying to operate an 18th century ramshackle machine drawn by is becoming greater.

other members of the commit-tee who favoured the replacetee who favoured the replacement of the jury in complex fraud trials can be described as radicals. They were aware that their proposals may shake traditionalists: "The same was probably true," they said, "of the proposal to abolish the medieval practice of trial by combat." Indeed, the jury trial, and not only in complex fraud and not only in complex fraud cases, bas still very much of the atmosphere of the trial hy comhat. The evaluation of witnesses' testimony is one of the most difficult arts even when it is necessary only to separate what the witness saw from the distortions of his vision brought about by fear, wishful thinking or failures of memory. It is made more difficult if the witness, who is probably in a court of law for the first time in his life, is cross-examined by practitioners allowed to confuse him and to put suggestive questions to him.

#### Discredited system

The professional judge, who himself was a cross-examiner before, can discount the distor-tions introduced in this way; a juror cannot. The confusion created in the minds of the jury is many times greater if the case concerns a highly technical subject of which the jurors have no everyday experience. The use of s shotgun is not beyond the imagination of most of us but

The courts might he unbur-dened if the numerous defini-tions of fraud could be simplitions of fraud could be simplified and if summary proceedings could be introduced for a certain type of "trip-wire fraud," where the guilt depends on the infringement of specific regulations. Complex cases, however, will continue to require a full trial. It is possible to argue that the expert assessors represents radical shake-up of its old files and practices.

Prevention of fraud hy a network of new supervisory institutions in the City will not be effective unless there is the deterrent of fast and affective prosecution. And, as Lord Hallsham, the Lord Chancellor, said when welcoming the

#### THE PLO AND THE ARAB WORLD

### Nearing the moment of truth

By Tony Walker in Amman

HERE CAN have been though it remains a symbol of few moments in recent memory when the Arah tions, its relevance is questioned has found itself in such disarray. Even in the midst selves. There is deep frustration of their humiliation following a crushing defeat hy the Israelis in 1967, Arah states maintained a measure of cohesion.

Recently, however, tha forces of division have begun to take the upper hand. King Hussein's hreak with Mr Yasser Arafat is a symptom of a serious malaise in the region resulting from seemingly intractable conflicts, the failure of the peace process and a deepening recession brought on by the collapse of the oil market. Chromic splits within the Palestine Liberstion Organisation mirror those of the Arah world itself.

Few observers ere brave enough to predict the outcome of the region's many and varied regional conflict, or to foresea a resolution of the destructive trends which characterise the present phase of the crisis. The recent rupture in Jor-danian-PLO relations merely

confirms what was evident, that a Middle East peace aettlement is as far away as ever. Some time may well pass before another serious effort is made to revive the peace process. For King Hussein, the failure of his joint attempt with Mr

Arafat behaves like a head of state without a state

it is his duty to keep trying, even without Mr Arafat. But there is little enthusiasm in Jordan for a fresh initiative. In any case, the Jordanian monarch bas his own domestic worries. His country's main sources of revenue are under

from Jordan's well-educated and restless youthful popula-Mr Arafat has suffered a further serious setback. The PLO is badly splintered and it seems unlikely that present Algerian-sponsored reconciliation efforts will succeed.

pressure, as are its political in-stitutions, which face a threat

Although he retains the loyalty of the majority in the Palestinian diaspora and in the occupied territories, this may falter unless he can produce a coherent strategy that offers some prospect of results, The latest insurrection in the PLO, tacitly supported by Jordan and led by a former head of Fstah Arafat's mainstream group) military intelligence, is a further exampla of framenta-tion among Pslestinian factions, although it poses no serious challenge.

challenge.

The crisis of leadership within the PLO bas bad highly visible consequences, inclinding the recent rash of indiscriminate terrorism by those associated with Palestinian splinter groups, An almost total absence of internal discipline contributes to the apparent disarray.

apparent disarray. Lebanon perhaps offers Mr Arafat some bope of re-estab-lishing his credentials as the effective leader of a revolution, but his attempt to infiltrate fighters hack into refugee camps there to reconstruct the hattered Fstah infrastructure faces powerful opposition among Lebanese Shiites and from Syria itself,

Since early last year, many Arafat loyalists among shout 12,000 PLO fighters forced out of Lebanon after the Israeli invasion of 1982 have returned, giving the PLO chairman a forceful presence once again in the camps. But Amal, tha Shi'ite Moslem militia backed

Shi'ite Moslem militia backed by Syria, has sought to counter this trend by attacking PLO strongholds in the refugee townships.

It is perhaps a measure of Mr Arafat's desperation and the sbifting alliances within Lebanon that Fatah can now contemplate a tactical link with the Marantie Christians of the Maronite Christians of President Amin Gemayel. Memories of massacres of Palestinians at the Beirut refugee camps of Sabra and Chatila by Christian militiamen avenging the death of Bashir Gemayel. Amin's brother (then

tha PLO by its treaty obligations to Israel and its dependence on US ald st a time of economic crisis. Iraq offers an unsatisfactory baven because of its crippling war with Iran, about to enter its seventh year.

Immediate prospects for the Organisation are hieak. Even



Mr Arafat and King Husseln: one division among many

the region, and the strains of

economic hardship, a stalemate

period preceding the 1973 Arab- can draw little comfort from Israeli war, when the Arab world was without strong leadership. Nasser had been gone for three years, sharp divisions were apparent between Arab states, and the US seemed uninterested in a Middle Fact role.

US policymakers are under-standably reticent about lend-ing thair weight to new Middle East peace moves at a time wheo the Arab world is at war with Itself.

Moderate Arab states such as Egypt, Saudi Arabla and Jordan

The Islamic trend, with its anti-western and xenophobic elements, is having a profound impact throughout the Arab world. So, too, though to a lesser

JS seemed uninterested in a diddle East role.

The slump in Gulf oil revenues is having a serious impact on regional economies, causing sudacious crossing of the Suez substantial dislocation of labour

with a period of deep incer-tainty within many Arah states.

degree, is the leftist-oriented present circumstances. Faced with the threat of extremism in demand for greater democratic freedoms. Nowbere is this de-bate more sharply felt than in

Egypt which has been experi-menting with a limited form of

in the peace process cannot be in their Interest. participatory democracy. Where this struggle between competing Ideas will lead is unclear, but it is contributing to a general unease in Arab states,

> for more than three decades, the failure of the Arab League to hold a full-scale summit since September 1982, is a symptom of the region's malaise.

Arab summit. Egypt's peace treaty with Israel helped fracture tha Arah consensus. Subsequent attempts such as those of the pascemaking monarchs Hussein of Jordan, Hassan of Morocco and Fahd of Saudia Arabia have come to little. Arabia have come to little.

Syria, which may, because of its problems in hringing peace to Lebanon and its serious economic difficulties, have passed the zenith of its influence, still retains effective veto power in Arah forums.

The deep personal enmity between Syrian President Hafez al-Assad and the Iraqi leader Saddam Hussein appears an almost insurmountable barrier to reconciliation. The hatred that exists between Assad and Arafat is another impediment to Arab unity.

Syrian support for non-Arab Iran in the Gulf war is another cause of further serious divi-sion and is deeply troubling to the moderates who regard the spread of Iranian Shi'ite influence as the most sinister force in the region.

The threatened spread of Iranian influence seems to have emerged as one of the most immediately worrying trends for hereditary rulers such as

King Hussein.

Libya, for the moment, appears to have been cowed by the short, sharp shock administered by President Reagan on April 15 and Colonel Gaddafi

#### Reagan has cowed Libya for the moment

seems to have been rendered less relevant. But Libya's capacity for making mischief has almost certaintly not been eradicated.

Egypt watches helplessly from the sidelines as its Arah brothers squabble among them-selves. Its leaders claim that only by regaining their natural leadership role in Arab forums can diffarences be resolved. Only Israel can draw much

comfort from the present cir-cumstances and even there sharp divisions are evident—in soma ways a reflection of what is taking place in the Arab world. Given Israel's demo-graphic trends (its Arab population is growing faster than its Jewish one) plus the conflict between secular and ultra-religious Jews, Israei cannot be too sanguine about the respite it has been accorded by the disunity among its neigh-

bours.

Arab scholars, politicians and officials claim that the Arab world, faced with a bost of unpleasant realities, is approaching a moment of truth: that an important transitional phase is in process which may yield a new Arab consensus. This appears to be wishful thinking. In the absence of dramatic changes in the main actors or a shift in circumstances on the of the region's malaise.

Differences between personalities as much as national rivalities have repeatedly blocked an

#### Carver joins Day's first team

Graham Day, new chairman and chief executive of what we once called BL, but whose name he changed last week to the Rover Group, moves into his new London headquarters in Hobart Place today taking with him a small group of key executives.

Among them is Mike Carver, Among them is Mike Carver, the director of husiness strategy, who yesterday was rewarded for his long stifit with the group by elevation to the board as an executive director. Carver, 64, is yet another Ford-trained manager to arrive at the top of the state-owned vehicles group. He will help fill the gap left hy the recent resignations of two other former Ford people, David Andrews, the commercial vehicle division boss, and Ray Horrocks, who ran the cars division.

After distinguishing himself After distinguishing himself in the RAF during the war when he was one of the youngest group captains, and was awarded the Air Force Cross, Carver worked for Ford in the financial side between 1963 and 1969.

He left for British Leyland



#### **Men and Matters**

bankruptcy and was baled out by the government.

Sir Don Ryder, asked to report on the group's future, in 1975 took Carver with him to the National Enterprise Board where Carver was responsible for British Leyland affairs. When Sir Michael Edwardes tonk over as chairman and chief executive of BL in 1978 he plucked Carver out of the NEB again to do the corporate planning job.

planning job.

One of Carver's early tasks was to help Edwardes negotiate the very first desl between BL and Honda, the Japanese group. This was signed at Christmas 1979 and resulted in the UK company huilding the Triumph Acclaim car from a Honda design.

Contracts between the Rover Group and Honda have grown much stronger since then—culminating last week with the Isunch of the jointly-developed executive car, the Rover 800. Some motor industry observers believe the association with the Japanese group was the best strategic move Edwardes made.

#### Breath of air

Winemanship as practised at when anisable sof the up-wardiy mobila (or perhaps hy your hutler) faces a challenge. Dr Eric Voice, a scientist from the north of Scotland says that extracting the cork from a bottle of wine to allow it to "hreathe" for an hour or two before drinking is a waste of

Voice, a refired nuclear scientist from Thurso, makes his point in Chemistry in Britain. He argues it must take at laast three days for the unwanted volatiles to disperse from the

Motor Corporation that year as a neck of an uncorked bottle," By assistant controller and had which time the finer fractions switched to product planning of the bouquet will have vanished too . . ." ished too . . ."
Even if displeasing volatiles

and residual gases in the wine need dispersing, the very act of pouring, be says, will be "several hundred times as effective as diffusion from a stagnant open bottle." Science could settle the issue quite simply, proclaims our heretic, by using gas chromatography.

#### City's dean

The policy barometer at the thriving City University business school in the City of Loodon looks to be set at "no change" following the appointment of Professor Andrew Chambers, aged 43, as dean.

Under his predecessor, Professor Brian Griffiths, who is now head of Mrs Thatcher's policy unit at 10 Downing Street, the school has followed a line of broad support of government policies in its quarterly economic forecasts.

It came as no surprise when

It came as no surprise when Griffiths was asked to support the pm more closely inside Number Ten. Chambers emerged as the popular "in house" candidate to succeed Griffiths, and he is

received to maintain the schoul's established line on economic affairs.

Chambers, who joined the business school in 1971 from United Biscuits, is an auditor United Bischits, is an auditor hy training. As administrative sub-dean he has been largely responsible for the hullding-up of the school to among the largest in tha country, with 400 students studying for Master of Business Administration degrees.

tion degrees.
In addition to established departments in shipping and international banking the school has just taken on a new

role in the City's forthcoming Big Bang. It is to be respon-sible, in a joint exercise with the Stock Exchange, for all the formal training for recruits to the exchange.

#### Star quality

Not for Dr Stanley Orman, the new head of Britain's own "star wars" office at the defence ministry, tha crumpled jacket and quiet demeanour of the standard civil servant.

Orman, whose job it is to belp British companies gain contracts from the Pentagon's \$30hn antimissila project, has a celebrated collection of bow ties, and combines a keen dress sense with a bines a keen dress sense with a reputation for outspokenness. Yesterday be made his public Yesterday be made his public debut wearing a monogrammed shirt, spotted bow tie and matching handerchief, and a hine-grey suit with a pink rose in the button bole.

Aged 51 and a chemistry graduate, he worked for several years at the defence ministry's weapons establishment at Alder-

weapons establishment at Aldermaston. He has also speot time in Whitehall master-minding the £2bn Chevaline programme to upgrada Britain'a Polaris nuclear warheads.

He has a staff of about 25 to help drum up the business, but says they are away so much in the US that he has not yet had a chance to count up the exact number.

#### Diamond hard Two women on holiday fell to

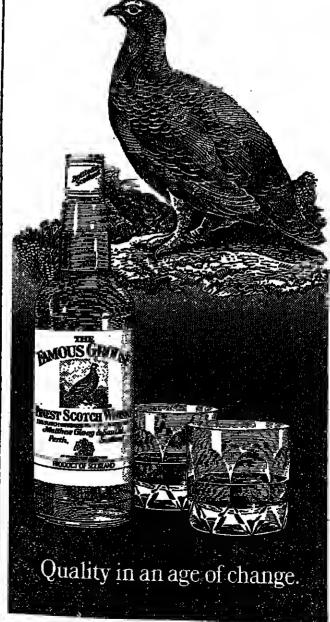
chatting together in a cafa.

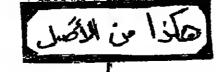
One said to the other, "Why
that must be the largest diamond ring in the world you are
"Wasning." wearing."

"Indeed it is" was the reply.

"Indeed it is" was the reply.
"This is the Smith diamond, and
it is the largest diamond in tha
world. But with tha Smith dismond comes the Smith curse."
"Oh dear" said the other.
"Please tell ma, what is tha The woman looked at her diamond and sighed, "Mr

Observer





ME ERNEST SAUNDERS, the suave and ambitous chief executive of Guinness is a man used to getting his own way. Late on Monday afternoon, as he took his seat in the Governor's office at the Bank of England. he found himself in an unconfortably tight corner.

All three financial advisers to Guinness had told Mr Saun-ders that they were unhappy about his proposed board changes following the success-ful f2.5bm take-over of Distillers, the international drinks business. In the final resort. Morgan Grenfell, the merchant bank, Cazenove and Wood Mackenzle, joint brokers, were prepared to resign.

Prepared to resign.
But as Mr Robin LeighPemberton, the Governor of the
Bank of England, pointed out to
Mr Saunders during their brief
meeting, there was a great deal
more at stake than mere boardroom manocuvring.
In several official statements,

including an offer document sent to Distillers' shareholders on March 3, Mr Saunders had promised to appoint several named independent non-execunamed independent non-executive directors to a group board to be chaired by Sir Thomas Risk, Covernor of the Bank of Scotland. Guinness was now proposing to renege on these promises. It was, in the words of Mr Leigh-Pemberton and in the view of Guinness's advisers, not the conduct expected of public companies in the City of London.

public companies in the City of London.

It would be easy to interpret the argument on Monday as a simple headmasterly tacking off of an unruly schoolboy. But as one observer closely invelved in the extraordinary events which took place in the following 24 hours put it: "The last thing that the City needs at the moment is anything which has a bad smell. Rules are rules and if they are broken, then self-regulation is a dead dunk." Mr Saunders, grappling with the task of integrating the sprawling Distillers gin and whisky business into the far smaller Guinness group of brewing, retail and leisure interests, was determined that be sheuld be allowed to bold both posts of group chairman and chief executive. The question on Monday night was whether he would succeed, even at the east of loging all three

onestion on Monday night was whether he would succeed, even at the cost of losing all three financial advisers who had helped him win the battle for Distillers, against a rival £2.40n offer from Argyll, the equally ambitious UK supermarkets group. By that Monday night all three advisers were ready to resign,

advisers were ready to resign, though a decision was not taken by Morgan Grenfell in the absence of its chief executive, Mr Christopher Reeves, who was

**GUINNESS BOARD CHANGES** 

### Broken glass in the drinks cupboard

By Lionel Barber



Mr Ernest Saunders, of Guinness, and the supervisory board chairman be almost had, Sir Thomas Risk, Governor of the Bank of Scotland

opposed to Mr Saunders is ef

In this context, it is easy to

Under the new agreement, Mr Saunders' proposed scrapping of the joint Guinness-Distillers board and his own election as group chairman will be put to a special shareholders' meeting. And as Mr Saunders was quick enough to explain through his spokesman late on Tuesday night, it was always necessary to convene a meeting since the creation of the post of president (to be assumed by the current Guinness chairman, Lord Iveagh), requires a change in Iveagh), requires a change in the company's articles of asso-

Fast footwork or sheer genius? It is probably too early to judge. The formula was wel-comed by the Bank of England but did not prevent Wood Mackenzie from resigning on

More important, perhaps, is the way in which the affair has reised issues about the conduct of ambitious businessmen and regulation in the City.

When Guinness climbed through the ropes to do battle with Argyll in January it was very much a last minute move. Mr Saunders had cast his eye The following morning, Mr over Distillers in 1985 but step-Saunders spoke to both Mr ped back in the grounds that it Reeves and to Mr Anthony was too ambitious a target. Forbes, a senior partner at Instead, Guinness completed a

Cazenove. Guinness denies it was put under pressure but, according to one authoritative account, Mr Saunders was presented with an ultimatum: either you agree to a face-saving formula by mid-afternoon or we go.

Under the new agreement, Mr Saunders' proposed scrapping of the joint Guinness-Distillers board and his own election as group chairman will be put to a special shareholders' meeting.

And a Mr Saunders was under the under Mr Gulliver's steward-ship DCL, with around 35 per cent of the UK Scotch whisky market and 50 per cent of total whisky production in Britain, might have swamped Guinness.

To beat off Argyll, Mr Saundess had to achieve several goals quickly: to convince institutions to back yet another takeover well before he had come to grips with Bell; to recapture the important Scottish lobby, assiduously cultivated by Mr Gulliver, the grocer's son from Argyllahire; and to convince a leaden-footed Distillers board to recommend his £2.3hn offer and to bear the bid costs. to bear the bid costs.

On several counts, the former Nestlé executive succeeded brilliantly. By enlisting Morgan Grenfell, widely seen as the most aggressive merchant bank, he secured the support of a no-holds-barred corporate finance team headed by Mr Roger Seelig with good contacts with City institutions.

Equally, Mr Saunders' charm combined with tactical preemptive press leaks won over the Distillers board last January. The same thing seemed to be happening at the weekend when a Sanday newspaper reported Mr Saunders' proposed board changes.

approved, te repurchase shares following the takeover. Scottish card was The picture painted by those

The Scottish card was astutely played too, er so it seemed at the time. Mr seemed at the time. Mr Saunders sought out Mr Charles Fraser, tha well-connected chairman of Morgan Grenfell (Scotland) whe set to work on his behalf inside the Scottish financial establishment. It was Mr Fraser, on the instructions of Mr Saunders, who invited Sir Thomas Risk to join him on a new group board comprised of five Guinness directors, five DCL directors, with Sir Thomas in the chair. To smooth any rough nationalist edges, Mr Saunders pledged thet the headquarters of the new group holding company controlling Guinness and Distillers would be in Edinburgh. a small faction within the Guinness board, including Mr Olivier Boux, the management consultant who jeined from Bain & Co, and Mr Tom Ward, the US lawyer, whe like Mr Roux, was appointed to the Guinness board two years age, riding roughshod over the Disrillers directors and the inde-pendent non-executives. Mr Saunders is presented as suc-cumbing te vaulting ambitien in his desire to stamp his authority on the company.

In this context, it is easy to see how Mr Saunders chose to break his earlier promises and assume the more than titular posts of executive chairman and chief executive. But it is also possible to argue that the much touted merger of equals was always a straight takeover and that it was imperative to streamline top management and integrate the groups in the interests of the new group shareholders. Indeed Guinness say that a substantial number of institutions voiced concern about the future board structure some weeks ago. What bas still to be explained These promises soon appeared unworkable to Mr Saunders. Given the mammoth task of revitalising Distillers and merging the two companies' operations, be wanted absolute operations, be wanted absolute control. Very soon, the Distillers directors and the proposed independent non-executive directors (who include Sir Nigel Broackes, chairman of Trafalgar House, the industrial conglomerate) found themselves frozen out of decision-making.

What bas still to be explained According to one account, meetings arranged by Guinness with the Distillers board were called at short notice, in one case one hour. One topic on the agenda was the not insignificant matter of approving a special apparently regards it as cum-fitted as schema, subsequently bank advisers to Distillers,

thought it a fair belance.

Both Kleinwort and Wood Mackenzie were also strongly in favour of a non-executive chairman of the new group, which is capitalised at £3bn. Sir Themas is highly respected and would have been a useful check en Mr Saunders. As one experienced corporate finance director of a UK merchant bank said:

"Combining tha posts of chairman and chief executive ef a hig company is not healthy and is not in the leng-term interests of sharebolders."

of shareholders."

The dilemma for the Bank ef England and Guinness's advisers was how to persuade Mr Saunders to climb down without humiliating him so headly that he the district force. hadly that he, the driving force behind Guinness's revival since

behind Guinness's revival since 1981, would resign.
This appears to have been achieved, though only at a cost to Mr Saunders' standing in the City. Even if he wins the support of shareholders for his appointment, some doubts will remain after Guinness's willingness to discard promises made during the takaover battle.
For the Bank of England's For the Bank of England's part, standards of conduct have been stated—very publicly—and a marker set for the future. and a marker set for the future. But it will be no comfert to those wishing to preserve self-regulation in the City and to avoid an excessively legalistic US-style regulatory framawork that Mr Saunders took top legal

#### Lombard

### A cartel that works

By Stefan Wagstyl

THE YOUNG Cecil Rhodes bad the right idea. When be arrived at Kimberley, later the world's biggest diamond mine, he did not jein the berdes of prospectors scrambling around in the mud. Instead, he invested everything in the only steampowered pump in South Africa, dragged it te the edge of the Big Hole and charged as much as he could fer pumping water out of the bettom. Soon the miners ran out of cash and started paying Rhodea with shares in their mines. It was the beginning of one of the most successful monopolies the world has seen.

How has the company which was feunded on Rhodes's fortune kept its cartel intact fer so long?

De Beers makes no bones about running a cartel, even faunting its success in the faces of other producers—Opee and the International Tin Council—

The resull of these efferts is that although there are far more diamends mined than rubies, emeralds or sapphires they cost as much or pubes, sall much of purchasers are persuaded that diamonds are rare but they are not. Some buyers even believe that the buyers even believe that they are not. Some buyers even believe that they are not. Some buyers even believe that they are not. Some buyers even believe that they can rarely recover that they can rarely recover their money when they decide to sell.

In the industrial market, which accounts for 80 per cent of production by volume but only 20 per cent by value, the cartel's influence is less strong—mainly because diamonds compete against other materials.

De Beers is ehvieusly the main beneficiary of the monopoly, as are its sharehelders, including the largest, Anglo American.

ef other producers—Opee and the International Tin Council—

which last year produced mere than 50 per cent of the world's diamonds by value. From this base, De Beers has extended its grip over ether producers by tokens of their undying affection, it is marketing subsidiary, the Central Selling Organisation, which handles mere than 80 per cent of the world's rough (uncut) diamonds. Mereover.

The sufferers are the world's roters when bave to pay more than they otherwise would for tokens of their undying affection. If a number of producers competed fer the market, prices would almost certainly be lower.

But is much harm done? The (uncut) diamonds. Mereover, when sales fall as they did in the early 1980s, Da Beers has the financial muscle and the nerve to ride out the storm.

But De Beers's single-minded

poly, as are its sharehelders, including the largest, Anglo American Cerporation, the South African mining bouse. the International Tin Council—
whose efforts to contrel a
market bave recently collapsed.
In his 1985 annual report, Mr
Julian Ogilvie Thompson, the
chairman, says De Beers's
achiavemanr "was particularly
gratifying in view of the
problems experienced in other
commodity stabilisation
schemes."

American Cerporatien, the
South African mining bouse.
Other producers, among them a
number of black African countries bitterly epposed te South
Africa, earn valuable fereign
exchange. Diamend dealers,
exthange. Diamend dealers,
exthange of the profits in the
trade but nevertheless than schemes."

The heart of De Beers lies in its southern African mines which last year produced mere than 50 per cent of the world's diamonds by the stabilisation plain that De Beers gets the lion's share of the profits in the trade but nevertheless they benefit from assured supplies and from a carefully-cultivated market.

starry-eyed whe did not buy diamends would have more to diaments would have more to spend on roses and candle-lit dinners. The bard-headed would have money fer a deposit on the bouse or the three-piece suite. If De Beers's monopoly really hurt the customers, anti-trust legislators would bave been far more assiduous in attacking the cartel. They have certainly been dis-But De Beers's single-minded and sometimes ruthless pursuit of monopoly weuld have broken the company long ago without its extraordinary success in promoting diamonds worldwide. Even in Europe, the tradition of diamond engagement rings was by no means universal. In Japan it was virusuits and secrecy with which the company surrounds its activities. But perhaps they too beavoid an excessively legalistic ment rings was by no means and secrecy with which the universal. In Japan it was virtuinat Mr Saunders took top legal advice befere announcing the proposed board changes last Monday. Presumahly be thought Guinness was in the clear.

Tradition of diamond engage couraged by the complexity and secrecy with which the universal. In Japan it was virtuing company surrounds its activities. But perhaps they too becaused board changes last young couples in almost every developed country.

#### European space effort

From Mr M. Schwartz

Str.—The section on the European space effort in your survey "European high technology" (June 30) paints a much brighter picture of Europe's space programme than would a more thoughtful and objective analysis. objective analysis.

In the 1960s, the US developed and built a series of expendable launch vehicles including Atlas, Saturn and Apollo, which it used in the 1960s and 1970s to open the frontiers of space. In the late 1970s, the Europeans built their own expendable launch vehicle, Artane, functionally equivalent to the early US expendable launch vehicles. At the same time, the US developed and built a small fleet of re-usable space shuttles, which it used extensively, but with little vision or boldness, in the early

While the shuttle has moved into and out of orbit, the Euro-peans have proposed building Hermes, e "mini-shnutle," which, again, is functionally equivalent, again, is functionally equivalent, though the Europeans claim otherwise, to the earlier US model. Now, as the US develops a thoroughly unimaginative space station, to be placed in crbit in 1992, Europe is considering its own "mini space station" for the early years of the next conjury. the next century.

Is this the path that Europe has defined for itself—to stay one step behind the US, no matter how boring and pedestrian the US space programme becomes? Has Europe renounced all boldness and vision? How can Europe expect to produce real leaders if it cannot even demonstrate any understanding of leadership? There have to be some Europeans out there with the right stuff.

Michael J. Schwartz. 6 rue des Fontaines du Temple,

#### Technologies of broadcasting

From Mr T. Edwards.
Sir,—I read with considerable interest the Lombard column

interest the Lombard column by Guy de Jonquieres on the technologies of broadcasting (July 10).

I find myself in general agreement with many of the points made, especially the receive-only nature of satellite TV broadcasting and the future likelihood of diversity in technologies and services.

nologies and services.

Where I seriously disagree concerns the impact of advances in nptical fibres as such. Current single-mode fibres offer, for the first time ever with commercially-installed transmission. media, a cable network having an enormous and currently unusable potential capacity. Full use of this capacity will have to wait until the 1990s

#### Letters to the Editor

Bearing in mind the always relatively high installation costs associated with any cabling the associated with any cabling the sensible strategy would seem to be to instal single-mode cables on all except the final subscriber (domestic) routes as soon as possible. Following this advantage can be taken of new developments in electro-optics technology as these become available in the market place. —in a timely manner and on a plug-in basis.

One should not re-cable avery decade or so but it makes sense to instal up-to-date equipment on existing cable networks that were installed with the future very much in mind. T. C. Edwards,

2, Sandy Lane, Shrivenham, Swindon, Wilts.

#### Reality and the image

From Mr P. Hague

From Mr. P. Hague

Sir.—Image is a much misunderstood subject. Richard
Lambert who writes so intelligently on financial subjects
clearly failed to recognise the
true importance of image in
his column (July 11). He catalogued a number of name and
image changes which have
recently been made by organisations in trouble. He concluded
by referring to a survey in by referring to a survey in which large British companies had rated image as a major issue of growing importance; more important indeed than "financial performance" and
"cash flow." Then as a neat
finale he slipped in the term
public relations as a suphemism
for image and warned us that when important institutions put public relations before perfor-

mance, it is time to watch out Mr Lambert is wrong, Imaga is not public relations puffery
—it is the measure of success
of almost any company. Image
is a view or feeling that we
have of a company. But we can
have an image of a company or its products, or its service, or its prices—indeed we can have an image of every aspect of its operation. The way customers and potential customers think about a product or company will be the customers than the product of the customers. determine whether they buy from it. A company, therefore, achieves success by taking immense care of its image. Jaguar, for example, in the 1970s, bad an image as a quality car (the wood veneer and leather saw to

or later by which time that electro-optics technology should bave caught up.

ingredient when it comes to selling cars. When John Egan set about correcting this image of poor reliability, he did not embark on an advertising campaign to tell his public not to worry. Rather he did what mat-

tered and hammared his sup-pliers to ensure they delivered parts that worked. He restored

parts that worked. He restored Jaguar's image through quality control not public relations. And by restoring Jaguar's image be turned in better profits and better cash flows.

Image is the pulse with which companies can measure their health. A poor image shows where medicine or surgery is needed. Very often it points to fundamental weaknesses in a fundamental weaknesses in a product er an organisation. To product er an organisation. To suggest that image is simply manipulated by a change of name, a new logo or a beefed up advertising campaign shows no understanding of this com-plex and vital subject. Richard Lambert should not be derisory

about the real concern of man-agers in their companies' lmages, be should instead direct his criticisms to those who try to present sick companies as being fit and well. Paul N. Hague, The Court, High Lane, Stockport, Cheshire.

matters

#### Commonwealth

From Cdr Innes Hamilton From Cdr Innes Hamilton
Sir,—The FT was right to
publish its leader on the
Commonwealth (July 14) but
one wonders, in the light of the
restrained language, whether
its writer has actually read tha
findings of the Commonwealth eminent persons group. The same applies to those treating the pros and cons regarding sanctions against South Africa as some sort of academic exercise or who regard as a dominant factor such incon-venience, financial loss, nr unemployment as may result in the states which take meaning-

When we stood alone against a similar (or maybe even a lesser) evil, no price was too high. The present regime in South Africa is every bit as as Hitler's ever was: its effects just as pitiful. I urge everyone to read the findings before forming an opinion.

The Commonwealth — to its everlasting credit—gave a lead to the world in sending its that) but its problems lay with perceptions of poor reliability.

And reliability is a vital the truth. It will be sad if Harrow, Middlesex.

Britain is seen now not to care enough about the findings to make whatever sacrifices are necessary to bring about mean-ingful and speedy change.

Let us be mindful that the front line states stand to suffer immeasurably mere; landlocked Zimbabwe, with its tremendous progress since independence. perhaps most of all. But of course these countries are led by men of courage who them-selves have suffered.

Our friends in Southern

to make whatever sacrifices are necessary, not only to impose

(Cdr) Innes Hamilton.

Fairway Lodge, South Drive, Virginia Water, Surrey.

#### European trade marks office

Data Logic Sir,-In his column of July 4. William Cochrane mentions efforts of local communities to

As the Government wavers between four proposed London sites, our European colleagues are each backing one national site and leaping ahead in the race to secure the ECTMO. The ECTMO which caters to what Mr. Cachanna referred to as the Mr Cochrene referred to as the "new business class," could come to Britain most easily if the Government were to back

Of the four proposed develop-ment sites only Harrow can offer all the advantages for Mr Cochrane's "intelligent developers" who emphasise surrounding residential property, who know the "importance of recreation

row for this international centre. What is most important how-South Africa is every bit as ever, is that the Government evil, calculated, and barbaric makes its decision and singlemindedly pursues this pres-tigious office development, which could be the first such European

Africa should know that millions in Britain are prepared necessary, not only to impose economic sanctions but totally to cut off and ostracise South Africa if need be, until civilised treatment of the people and equal opportunity prevail. If the world was seen to mean business, the process might not be prolonged and—ahove all—the taking up of arms can be avoided. arms can be avoided.

Our Prime Minister and a few right-wing MPs are totally cut of step with Commonwealth opinion. Here at home, let us hepe that they will change their minds.

From the Managing Director,

locate the European Community Trade Marks Office in greater

only one site,

environment . . and . . . schools." There are also the obvious financial savings and case-of-access benefits arising from close proximity to Heath-

Community office in the United Kingdom.

Peter McKee. Queens House,

#### In electronic camouflage -new world lead Modern warfare demands

A new Plessey service consoli-dates the British lead in 'stealth'

At the British Army Equipment Exhibition '86, Plessey tial technique for modern announced the launching of a forces facing current and new signature management projected threats. Every ship, sub company's world lead in elec-

capability, designed to make military equipment either very disappear altogether

using Plessey advanced technology to measure, calculate and reduce the signatures of submarines, ships, aircraft and battlefield vehicles.

The signature management Plessey nnw offers is the logical follow-on to signature reduc-tion and control, and an essential technique for modern

Every ship, submarine or aircraft, every tank and vehicle, tronic camnuflage techniques.

It brings together a unique distinctive signature which has a visual, acoustic, thermal, magnetic and radar elements. difficult to locate and target - nr Many new surveillance devices and weapons can take advan-For many years military tage of signature elements to forces worldwide have been penetrate camouflage and

smaller size is important.

The new connector also

exceeds specifications for

reliable release under "iced"

STANDARDISATION

Nato has now standardised on 51mm maximum diameter for

this type of connector and the

US Department of Defense is

also incorporating this size into

By influencing these stan-

dards at source, Plessey has reversed the usual direction in

which innovation in connector

design and manufacture moves.

and hopes to make consider-

able sales inroads in both US

attack targets. Furthermore, techniques to deal with one element of the

#### threat can sometimes enhance the other signature elements. New connector changes

conditions.

its specifications.

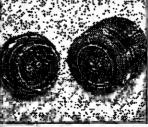
and Nato markets.

**US** and Nato specs

A military connector design by cargo drop containers, fuel Plessey has had a major influ-tanks and other equipment, the ence on new US and Nato 10 per cent weight saving and

Aimed at achieving a signifi-

cant reduction in the size and weight of connectors for an



aircraft's equipment stores, the new lanyard-release Plessey design is 51mm in diameter compared to the 76mm diameter of the usual military standard, and weighs 10 per cent less.

#### IMPORTANT SAVINGS

Bearing in mind that a military aircraft can use up to 30 connectors for its missiles, rockets, torpedoes, flares,

therefore that camouflage techniques address the whnle signature, nnt its individual elements each in isolation. ABILITY DEMONSTRATED

ADVERTISEMENT.

Plessey active and passive decoy systems take advantage of and complement signature reduction. The company has demonstrated its ability to reduce the signature of airfields and other fixed installations.

With an established expertise also in target sensing systems and a comprehensive knowledge of the critical aspects of target signatures, Plessey is uniquely placed in offer a comprehensive signa-

#### **EUROPEAN** CIMINO AGREEMENT

Two of Europe's leading semiconductor manufacturers, Plessey Semiconductors and Matra-Harris, have agreed en joint sourcing fer advanced 2-micron, double-layer, metal CMOS technologies.

Within the next six months, the companies will begin to establish a common cell library and CAD design tools for a

12-micron process.
Plessey Semiconductors, (turnover £70m) was awarded the 1986 Queen's Award for Export Achievement, Matra-Harris has a £50m turnover. Each company will be able to meet demand for large orders quickly and efficiently.



The presentation to Plessey of the Boeing Supplier of the Month Award.

#### Plessey wins coveted **Boeing award**

Plessey Aerospace of Tachfield, Hampshire, has been named as Boeing Commercial Airplane Company's Supplier of the Month. This coveted award has never before been presented to a

non-US company.
Plessey supplies Boeing with fuel boost pumps for its best-selling 737-300 aircraft.



The height of high technology.

principally because of the cost savings the Company had managed to effect. Boeing also praised Plessey responsiveness to major schedule alterations. adherence to delivery promises and excellent product support.

Recently Plessey won a follow-on order worth more than £4m for the Type 8240 Mk 4 pump, bringing the total value of Bneing orders for the pump to £7m. Over the next ten years the total could exceed

The Type 8240 pump is the only fuel pump fully qualified for all cooventional aviation fuels in the 737-300 aircraft.

### FINANCIAL TIMES

Thursday July 17 1986

Balfour Beatty are Building 01~686 8700

Carla Rapoport looks at Japan's rising living costs despite cheaper imports

### Yen windfall fails to satisfy consumers

Japan may be falling sharply but Hershey chocolate bars are not getting any cheaper. Despite a year-toyear drop in wholesale prices of 10.1 tent price declines, and then only per cent, consumer prices continue when they are in special promotion-

Tha yen's athletic rise against foreign currencies in the past year as an example. A recent survey in has produced the fall in the whole-

The wholesale price index for Japan is now 90.1 compared with 100

year ended last March, they rose by a third Tokyo district was selling 1.9 per cent. the chocol Daiwa Securities is forecasting a for Y350.

0.6 pec cent rise in the consumer price index this fiscal year against the wholesale and consumes price an 8.2 per cent drop in wholesale indices but this gap seems to be

index includes the cost of services to the pockets of somebody other which are not reflected in the than consumers. wholesale index. Even so, the price of imported goods at retail level is

The average pump price of petrol tribution system and its protection-in Japan has fallen by just 6 per ist policy on agricultural imports. cent in tha last year in spite of the Further, most imported consum-

and cheaper oil prices. Of consumer goods, only imported spirits are showing any consis-

sale prices, which the Bank of Japan'a leading newspapers, found pan said dropped 0.7 per cent in June, the 18th continuous monthly ly promoting Hershey bars, made one Tokyo department store heavily promoting Hershey bars, made in the US, at Y250 (£1.05), 10 per cent cheaper than domestic choco-

The picture for consumer prices supermarket was selling the same is very different, however. In the bar for Y335. A department store in te bar at an "import fair

There should be a gap between rices. much too big, said Mr Akio Kohno, The two indices, of course, are chief economist of Daiwa Securinot strictly comparable. The price ties, who believes much is going in-

> There are a variety of reasons for the gap, but two of the important ones are Japan's complicated dis-



er goods are high-price products handled by sole agents who enjoy a clientele are by and large an elite group who do not shop according to

Armani suit in our store doesn't care what the price is, said an ex-ecutive with Seibn Department stores in Tokyo. The price of Godiva chocolate at Seibu, for example, is still Y120 a piece despite the yen's rise against the Swiss franc.

the higher yen, in the case of agri-cultural products, is staying in the as copper and petruleum, much of rassment to Prime Minister Yasuhi-the benefit is accruing to the refin-ers. Nakasone's Government, which has an avowed policy of entourag-

Marubeni, one of Japan's largest trading houses, said smelters, for example, were trying to hold on to the profits created by the higher to make up for the previous two decades of slim, if any, profit mar-

Nippon Oil, one of Japan's hig oil refiners, said petrol prices had not dropped partly because of highprice inventories but also became of previous losses sustained by the

"We are breaking even now," said Nippon Oil executive yesterday, but most of the others are suffer-

On agriculture, government agencies handle all the purchases of cer-tain products, such as beef and wheat. These products are bought abroad and sold in Japan at higher prices than domestic products.

number of television programmes. will be money in the bank.

Court yesterday ordered the gov-

ernment to give detainees impri-soned under the state of emergency access to their lawyers but turned

down a black trade union's request

to invalidate the emergency regula-

Three judges of the Natal divi-sion of the Supreme Court in Dur-ban said the ban on detainees

access to lawyers was improper.

They also declared void all or part of five of six definitions of a sub-

versive statement forbidden ander the decree issued when the state of

emergency was declared on June

cently agreed to lower the price of beef, but by only 10 per cent. The continued high price of imdistribution chain or government. The continued high price of imagencies. As for raw materials, such portent goods is a source of embar

> ing imports.
>
> A senior official of the Ministry International Trade and Indus (Miti) said that on average, it is seven months for the year's appreciation to be reflected at the re-

"We are encouraging (retailers) to reduce their prices in the private changing their policy. This is a free market economy and our role is very limited," said Mr M. Hindayashi of Miti. Another factor is the release

weakness of Japan's consume movement. In general consumer associations do not take an aggres sive stance against the Governmen or big retailers as they might in the

In the case of petrol and electricity ty prices, most consumers believe that prices will decline and that in This issue has become a con- the meantime they should be patroversial one in Japan in recent tient. And for the importers, who weeks, and has been the focus of a lesalers and retailers, the high yen

The judgment thus leaves most of

the emergency regulations infact, including the government's power to detain people without charge, to shut down publications, order curfews and sedjeff areas of unrest.

The indees said the only defini-

The judges said the only defini-tion of a subersive statement pre-

cise enough to be considered lawful was one barring incitement to parti-cipate in unlawful strikes ibeyents,

civil disobedience or to oppose mili

The definitions struck down in

chided those aiming to prohibit statements aggravating feelings of

#### THE LEX COLUMN

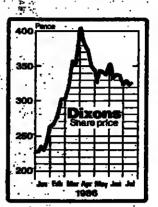
### Life after Woolworth

Dixons has produced the sort of full-year figures to bring tears to the eyes of any fund manager who turned down its bid for Woolworth. The question of Dixons' accounting policies may not be conclusively settled for the sceptics, but when sales are rising 55 per cent, it di-minishes as an issue; and since Dix-dix must be allowed some gross margin improvement both at its own retail chain and Currys, an-other doubling of me-tax profits (to £78.1m) is as plausible as it is spectacular. There is no reason to disbeheve Disons' injured insistence that C24m is the sum of the profit on isposal of surphis Currys stores or most, inherited from Currys, was written off against the acquisition

The simple tale is the most con-vincing. Dixons has managed to inrease the volume through the hains by between 15 per cent and 20 per cent, has held its costs and poshed up margins - by, say, a point at the gross level - through the introduction of own-label brown goods at Currys and the rockbottom purchase of undemanding compu-ters at Dixons. That sort of deal may not come Dixons way again but there seems no reason why it cannot work magic with own-label white goods at Carrys; for such an important household object, the bumble stove has suffered too long. But the establishment of a separate profit centre for financial services merely recognises that more will have to be squeezed out of the cus-

As it is, Dixons intends to add some 18 per cent more selling space (admittedly some of it for the low-yielding Power City business). If there will always be doubts about what Dixons actually would have done with 7m Woolworth feet, it is heeping its spirits up by advertising for 2m. This year, it will be a great surprise if Dirons cannot make £100m before tax, which looks a routine rate of growth only in terms of Dirons are the property of Dirons and D of Dimmis pask two warms. The multiple of 18 times 1987 earnings; at yesterday's price of 320p, up 4p, accords a premium for the expected growth relative to the market but takes a rather glowny view of the outlook for durable goods.

#### **BankAmerica**



uarterly figures come along to show that it is by no means out of the maze. Yesterday's \$640m second quarter net loss was all too familiar a tale. But while BankAmerica was not alone in having problems in the past, now other US banks are able to turn in quite respectable income gains, including BankAmerica's fellow Californians. That must remove any lingering doubts that it was not largely to blame for its difficulties, and it looks as if management has not been strenuous enough in tack-

BankAmerica is not the regulathe higgest So far the financial markets are not taking fright at any consequent strain on the banking system. But getting rid of BankAmerica the easy way – by a takeover-might drag the buyer down too.

#### US insurance

Travelers' acquisition of Dillon Read adds a little more weight to the theory that the US composite insurers are not going to put money raised from shareholders straight into another suicidal dash for insurance market share. But the deallooks puny set against the nearly sector, and will take less than bali-the cash raised by Travelers from its own shareholders

Most of the money appears to be directed at new commercial lines, Commercial rates continue to rise, to the uncertainty. The City's view albeit more slowly. Industrial com- of the shares as a high-yielding in-

derwrite the risks that the compo-sites will not touch. This suggests that the insurance companies may raise yet more money before they feel confident enough to tackle soma of the available risks. Shareholders will thus suffer a dilution of favourable underwriting results, while providing the wherewithal to

At today's rates insurance compa nies are still making a smaller return on equity than the industrial sector. Until that relationship is altered it will be too soon to rule out a repeat of the rush for business of the late 1970s. Record real rates of interest could prove as fatally attractive as did record nominal

#### Union Discount

.If Union Discount had published its interim statement last Friday shareholders might have seen a div idend increase. Then a base rate cut looked almost imminent. Now the old worries about sterling make it a more distant prospect. Yesterday the interim stayed the same and so did the shares at 690p. Not since the happy days of 1982 has Union been sufficiently confident about its second half to raise the half-time payont. Profits so far this year may be excellent, a word Union does not use lightly, but as the bouses so often say, they can lose it all in a day. Even so it would take only a small rise in the final to put the yield up to 6 per cent.

The problem is that their cost of money continues to be higher than the yield earned on their books. Profits are only made through capital gains when rates fall. It seems that Union made its money in the first quarter and gave some back in the second. Without more rate cuts Union could spend the second half simply trying to bold on to what was made in the first. At least the Bank of England's bill mountain which provides the discount market with a lot of unprofitable business is now of Alpine rather than Himalayan proportions. If volatility in its traditional business were not enough, though Union's strength is Whenever BankAmerica seems panies are setting up their own interest rate play may not be enough to have turned a corner the next surance syndicates in order to unto sustain them.

#### Moscow insists on summit conditions BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT,

MR EDUARD SHEVARDNADZE, of the trilateral US-Soviet-British the Soviet Foreign Minister, yester-day emphasised that the Soviet cans walked out of in 1980. Union continued to insist on significant progress on arms control as an essential condition for agreeing to another US-Soviet summit.

At the end of a two-day official visit to Britain which has led to a noticeabla thaw in Anglo-Soviet relations, Mr Shevardnadze carefully avoided committing his governmen to a date for a summit with the US. However, be did say that serious preparations at a press conference vere under way.

"It will take some time to review these preparations," the Soviet Foreign Minister said, confirming that ich a review would be undertaken at foreign minister level. "We have summit. An empty summit we can-

the Soviet Union attached great importance, in this respect, not only to the ongoing negotiations on nuclear arms control and conventional disarmament, but to forthcoming talks with the US on nuclear testing and the observation of the Sait 2 strategic arms limitation treaty.

The Soviet Foreign Minister confirmed that the US and the Soviet Union had agreed to discuss nuclear test problems in Geneva, but it is clear that the two sides have very different ideas about what the talks should cover.

The Soviet Union wants a complete ban on nuclear tests, but US officials said that they saw the verification of underground tests.

Continued from Page 1

However, many Wall Street analysts said that the surprise losses

had seriously damaged BankAmeri-

ca'a credibility in the investment community and increased the likeli-

hood of a management reshuffle at the top of the troubled banking

negotiations on a comprehensive test ban treaty, which the Ameri-

The Soviet Foreign Minister went out of his way to persuade Britain clear arms negotiations, currently limited to the US and the Soviet Union. He said that the Soviet Union regarded Britain as "a great power" with a substantial arsenal of nuclear weapons and large armed forces on the European continent.

In the absence of a dialogue with such 'a major equal partner", it was difficult to imagine that an agreement on radical nuclear arms reductions could be reached, Mr Shevardnadze said.

Referring to the latest Soviet context in which Soviet and US medium-range missiles in Europe would be eliminated, it was "paramount that there should be no quantitative increase in British and French nuclear weapons. Moscow did not, however, object to the "modernisation" of British and French nuclear deterrents. .

The British Government has shown no inclination to bite on this particular Soviet carrot. In common with France, Britain has stuck adamantly to its position that any re-duction of British strategic nuclear weapons must be preceded by an agreement on substantial nuclear arms cuts by the US and the Soviet

Officials have also made it plain that the modernisation of the Britforthcoming talks as having a much ish nuclear deterrent force, by the more limited brief, focusing on the fitting of new Trident missiles to nuclear submarines, is excluded by What is clear, however, is that the the Soviet proposals, which prohibit talks referred to by Mr Shevardnadze do not involve a resumption technology from the US to its allies.

hired to help the group along the road to recovery have since quit The group had net loan losses of

\$388m in the second quarter and its

press, launched an abortive attempt to replace Mr Armacost as chief ex-

#### Rough road S. African emergency forecast for laws upheld by court European car makers

By Kenneth Gooding in London WESTERN EUROPE has become the main battleground in the struggle between the Japanese and the US multinationals, Ford and General Motors, for supremacy in the world car markets, according to the latest International Automotive

At suggests worldwide can seles will be split increasingly between these two groups and that only the strongest European-owned mann facturers offering a full range of cars will remain as important in the global scene as they are today." .

However, no significant car man-ufacturer will leave the European competition must continue to inten-

In particular, Ford and GM "can be expected to continue to intensify pressure on other manufacturers, both by their competitive actions and inter-corporate struggle for in-dividual supremacy. In the longer term, the adverse impact on profita-bility can be expected to slow this action, but this will not happen just

The Japanese show every sign of increasing their total European market share and, as a result, European governmental protectionism

Meanwhile, the West European manufacturers will be able to improve their shares of their own market only at the expense of profi-tability.

There is scope in Western Europe for more co-operation and further regrouping, the Review suggests. It also points out that Austin Rover, the subsidiary of Britain's state-owned Rover Group (formerly British Leyland) is somewhat out of place in the West European indus-

The very juxtaposition of the names Austin and Rover reflects the problems of market positioning for the group, the Review says.

"Austin competes in the high vol-ume market. Rover once represented very high-quality cars equal to Mercedes' larger models to repu-

non-performing loans, including loans more than 90 days overdue and foreclosed real estate, remain stubbornly close to the \$5hn mark.

Earlier this year it passed its dividend completable and tation imtil the early 1970s." The Review suggests there may still be a good future for Austin Rover, but a sustained period of corporate stability, continuous inexecutive in April 1981 and inherited a bank which had been growing quickly and had allowed its credit standards to slip. Since the vestment in its model programme and better continental European distribution will be essential International Automotive Re-view, quarterly from ARMC. Lyaton House, 7 Tavistock Square, London WC1B 9QJ.

#### Pressure on Reagan as Howe warns of sanctions

Continued from Page 1

his policy of winning concessions from Pretoria through quiet diplomacy rather than confrontation. Congressional supporters of sanctions believe that he could well veto gress returns from its logist re-

A less stringent version would end all new US investment, ban all commercial bank loans, withdraw US landing rights for South African Airways and prohibit imports of South African coal, steel and urani-um. A third bill would end all new bank loans and give the force of law to Mr Reagan's sanctions of last au-tumn, which included a ban on im-

tions on US computer and nuclear technology exports.

Launching the Senate campaign for sanctions on Treaday, Democratic Senator Edward Kennedy and Republican Senator Lowell Weicker said that they were deter-

In London yesterday, Sir Geof-frey said that the second stage of his diplomatic mission, to South Africa during which he will have two meetings with President P. W. Botha, represented a fairtier effort to establish conditions for con-

to establish conditions low con-structive dialogue aimed at dis-mantling apartheid.

But Sir Geoffrey emphasised that the dialogue could not the place as long as black leaders were detained and their organisations were out-lawed. He would be triging upon Pretoria the need to act Tandiv and decisively in priving the way for constructive talks, by releasing Mr Nelson Mandela and removing

first from outside Africa, to as-nounce that it would boycost the Commonwealth Games which are

The legal challenge to the emer-gency was brought by the Metal or promoting disinvestment or and Allied Workers' Union which sanctions and weakening or under-

argued that the regulations were invalid because they had not been tabled in parliament within 14 days of proclamation. However, the court eccepted a government argument that medianest had entered as of the regulations effectively

that parliament had gone into re-cess before the 14-day period had description or political report on expired and that the regulations

THE SOUTH African Supreme could be presented when it recon-

tough sanctions legislation.

The toughest option before the Senate is similar to a bill already passed by the Democrat-controlled House of Representatives, which would impose a virtually total trade embargo and force US companies to withdraw their investments from South Africa after six months.

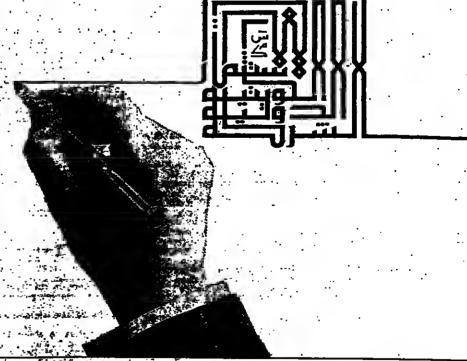
ports of krugerrands and restric-

mined to bring legislation to a floor vote in the next three weeks. Yesterday, however, Mr Robert burgh.

Continued from Page 1

Wong Sulong writes from Knale, Lampur: Malaysia yesterday be-came the sixth country, and like

### \*IN INTERNATIONAL INVESTMENT, DISTANCE BETWEEN TWO POINTS.



world's major underwriting houses. We continue to develop our already considerable expertise in inter-

international equity portfolio, which substantially opgraded. investment opportunities, why nor contact us? We can point you in the right

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### World Weather

standards to slip. Since then, earnings have been falling and last year to replace Mr Arm the group reported a \$337m loss.



Loss at BankAmerica

the sometimes volatile road to re- Several senior executives who were

#### Paris warned by EEC

Continued from Page 1 In measured and firm terms he said that the President's fears over French assets falling into foreign hands were "completely without foundation." He said that under the proposed law the government could prevent all foreign shareholdings in n privatised concern if the national

fringements often terminate in n dead end as a result of bank secrecy laws in countries as diverse as Lax-embourg, Switzerland, the Baha-mas or the Cayman Islands.

Mr Shad, however, welcomed the agreement of the Berne Govern-ment to make insider trading in

Switzerland a criminal offence. He said n recent agreement with the Securities Bureau in Japan on cothat will now be transformed into a law provides for a 15 per cent celling on foreign shareholdings with the possibility of reducing this if the government judges that national interests are at stake.

The amended tent of the decree securities bureau in Japan on a case-by-case basis, as well as a treaty between the Caying man Islands and the US earlier this month on prosecuting securities crimes, showed how international law could be enforced more effectively.

Insider dealing action gations into stock exchange in-tringements often terminate in n laboration agreements, representa-tives from Britain and France yesterday both backed calls for more international links between regula-

tory authorities. Sir Nichelas Goodison, chairman of the London Stock Enchange, said securities market authorities had lagged behind banking supervisors: With the increased worldwide

convergence of different parts of fi-nancial markets, Sir Nicholas also said close co-operation between banking and securities, supervisory It also obliges the government to tively.

Among the countries with which inancial calability father than in the period in all privatised groups the SEC is actively negotiating col-

### How to spot good and bad chiefs to work for

BY MICHAEL DIXON

what is more, he suggested that if you could tell hint the type of boss your organisation has, he could tell you which kind of mental sickness prevails among the people beneath.

The Jobs Column almost had to pinch itself to believe that it was hearing and seeing Fred Herzberg again. I first met him around 1968, just after starting to write about people at work, when he seemed to me to hower above all other commentators on management with his controversial theory about motivation. As some readers may not As some readers may net know the theory, I had better

Let's start with the assump-tion that people are best moti-vated in their work if they want to do it. Let's also assume that we are most likely to want to do it if it satisfies our needs. Now the needs of most of us in developed countries are mer-cifully more complicated than

But that is surely not true. If readers' experience is similar to mine, they must spend a lot of their working life being both or their working the being both satisfied and dissatisfied in their job at the same time. And what seems to me particularly power-ful about Professor. Herzberg's theory is that it offers an explanation of that confused state of affair.

of affair.

He says it is wrong to shink that whether or not we are satisfied in a job is determined by whether it provides us with enough or too few of the self-same things. His claim, on the basis of prolonged research, is that the things about a job which make it satisfying on the one hand, are different from the things which make it dissistiying on the other.

The satisfaction-concrators can

The satisfaction-generators can be viewed as things which make

them to achieve and so ongrows with them.

The satisfiers all arise from
the content of the job. By contrast the dissatisfiers relate to
the context in which the work is

In being able at best to stop us from wanting not to work they resemble hygiene which, they resemble hygiene which, although it can prevent people from becoming more ill, does not of litself make them positively healthier. So the professor calls the dissatisfiers "hygiene factors."

the bare necessities of survival us positively want to work. The certain ways. These are either as a bribe in advance—"do this much and you'll get that much be viewed as fairly simple.

The general belief is straight.

The general belief is straight.

Fred Herxberg lists the sariss the person's results. But pay ability." Under a populist, the can equally be a satisfier if it workforce tends to develop frenetic mania.

WHAT sort of company boss such as pay, then we will be do you work for?

The odds are that he or she falls to provide enough of the work, for exercising perwill fall into one of five main told several hundred personnel. In other words, the usual view chiefs at a Management Centre is that job-satisfaction works not long ago.

What is more, he suggested will be dissatisfaction by it.

What is more, he suggested that the total five in the fings in the solution of the suggested that it you could tell him the type of boss your coyanisation by it.

But that is surely not true.

In other words, the usual view the self-development aspect is that as people grow in a job, they will not go on being satisfaction by it.

But that is surely not true.

In other words, the usual view the self-development aspect is that as people grow in a job, they will not go on being satisfaction by it.

Solf-inding intrinsic interest in well this week, have an extra cession of leadership styles favourable indications to seek the well this week, have an extra cession of leadership styles favourable indications to seek the work, for exercising personal time of the exercising personal thing the so-called motivation/ by given theory. And over the quarter century since fred the number of the so-called motivation/ by given theory. And over the quarter century since fred the number of the suggested the pulled motivation by given the pulled counterproductive. brings us back to the five types of boss I mentioned at the

#### Misery-makers

The oldest kind that the pro-fessor described to the Manage-

they resemble hygiene which, although it can prevent people from becoming more iii, does not of itself make them positively healthier. So the professor calls the dissatisfiers "hygiene factors."

They include the quality of relationships with bosses, equals and subordinates; the effectiveness of company policy and administration; physical working conditions; the security and status of the job; and its effects on personal life.

Pay can also be merely a hygienic factor if it is given in certain ways. These are either the control of the management Centre Europe conference is the patron, "who acts the part of an autocratic fatter figure controlling job security." Given a patron on top, the mental illness most likely to prevail helow is severe inferiority complex.

While old-style patrons still persist in numerous organisations, in others they next gave way to "the reorganiser, who argue workers to spend their energies jumping for positions in the hierarchy." The associated form of employee insanity is paranoia.

The last type, who the professor claims has come into the ascendant in the 1980s, is "the speculator, who manipulates company finances without understanding the products, clients or people involved." The staff colones accorded with manipulations

A second is organisations where people responsible for doing a particular job are required to deal face-to-face with "client" colleagues in the company as well as outside custo-mers. Concerns which sterilise sickness associated with specu-lator chiefs is psychological depression whose main symptom is a feeling of helplessness, not contacts between people by making them deal with one another through formalised bureaucratic procedures, should least because the newest style of leadership is more remote he shunned.
Another is companies which

from people and the work they do than any which has gone beencourage staff to become in-volved—emotionally at least as much as intellectually—in their Fred Herzberg maintains that the effect of the progression through the five different types jobs. "We cannot be really creative in work that is not love of top management has been to inject worse and worse demoti-vation into the workplace. So what is to be done about it? able." Fred Herzberg says.
The last, but certainly not the least thing to look for is chlefs who maintain first-hand knowledge of their organisation's pro-Well, on my own bat I would

ducts and customers. In Vienna, the professor cited the head of a big American distribu-tion group who spent a day every month on average riding recommend readers who may be thinking of changing their job to look into the styles of the heads of prospective employers. They would surely be wise to

round in a truck personally delivering packages. That, we are told, is the sort of boss who is highly likely not shy away from any whose chief clearly falls into any of the As for the positive task of only to motivate good people identifying leaders who would but to lead a company that goes probably be good to work for, from strength to strength.

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HONG KONG

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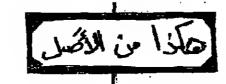
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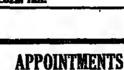
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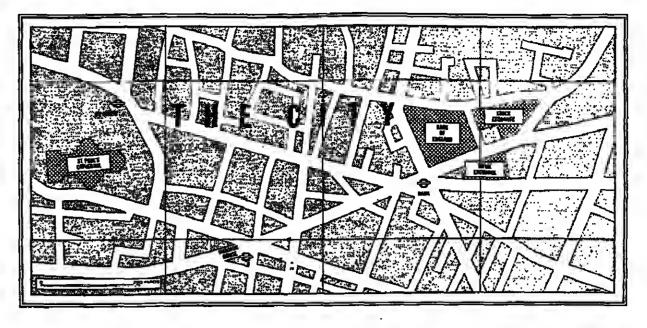
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For financial consultants our policy of seeking financial advantage for our clients will lead to involvement in business planning, raising finance, treasury management, and corporate restructuring.

For information technology consultants the challenges include advising on business strategy and implementation issues in office automation, data processing and telecommunications.

If you are excited by the prospects, and want your career to literally "take off", then take time to write to John Cornish (ref 3030). He will be delighted to hear from you.

#### Investment Information a career development opportunity **Central London**

Clerical Medical is noted for the strength of its investment management, which has helped the Society become one of the leading life, pensions and unit linked organisations in the U.K.

This new appointment is in addition to a small team who provide varied investment communication support to a wide range of internal and external contacts.

initially you will be involved with the computerisation of investment performance and competitor performance statistics and analysis of this data.

Ideally you will be a graduate in mathematics, statistics or a

computer related subject with 2/3 years experience in the financial sector or industry. Equally important will be your personal contribution to the development of this team which could prove an invaluable stepping stone towards a career in investment.

We offer a competitive salary according to qualifications and experience plus an excellent benefits package.

Please write with full details to Nick Morgan, Clerical Medical and General Life Assurance Society, Narrow Plain, Bristol BS2 OJH.

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#### SENIOR

#### REASURY DEALER

A vacency has arisen for a Senior Treasury Dealer in the Treasurer's Department of British Aerospace Corporate Headquarters based at Weybridge in Surrey. British Aerospace is one of the world's leading aerospace companies with a turnover in excess of £2.5 bn, of which 60% is exported. The successful applicant will play an active role

both in the investment of the company's substantial cash surpluses and in the company's foreign exchange dealing. He or she should also have gained experience in dealing in many of the new instruments which may be

applied in the field of corporate cash management.

A minimum 3 years experience of active dealing in a financial institution or major company is essentia The preferred age is late 20s/early 30s, and a relevant degree or professional qualification is desirable. ACT membership would be an advantage...

This represents an opportunity to join a highly professional and commercially motivated Treasury team. An attractive salary package is available appropiate to a large Company Please write or telephone for an application form

and job description to: Mrs. M. L. Handley, Personnel Department, British Aerospace Corporate Headquarters, Brooklands Road, Weybridge, Surrey KT13 8BR. Telephone: 0932 53444 ext. 3404.



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### SAVORY

**MARKET MAKERS** 

Savory Milln, having created a very successful market making operation in Continental European shares are expanding into the UK domestic equity market.

In a recent Mori Poll of UK Brokers research, Savory Milln were ranked in the top five places. From October we will be making markets in selected domestic equities and wish to strengthen the existing UK market making team. Ideally applicants will have some market making experience.

To apply, please contact Hugh Hughes on 01-588 1170 or write,

enclosing full CV to: 3 London Wall Buildings London EC2M 5PU



Savory Milln is a member of the Royal Trust Group

#### **PROPERTY FINANCE**

On behalf of our client County Limited, part of the NatWest Investment Bank group, we seek an executive aged 25-35 who is fully committed to the property market and ready to take increased responsibility for a large and active portfolio.

Working within a team that has been involved in most of the recent major UK property transactions the candidate will need to demonstrate a professional and innovative approach to loan and equity finance, new product development and a full understanding of the client needs within current and future markets.

Competitive salary package including excellent banking benefits.

Please write in confidence to Sara Bonsey.

### BROKERS LIMITED

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continuing

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EC2M 5TU

Tel: 01-628 4537

experience.

### Ionathan Wren

### CHIEF ACCOUNTANT

Salary neg £30,000 to £37,000 + benefits

The new capital markets division of a major international bank seeks a high calibre accountant, who is currently working within a banking or stockbroking anvironment. Aged 30 to 35 years, probably qualified with at least 3/5 years experience covering the following principal areas:-

> Systems — involvement/development Corporate Taxation - UK and international Accounting — statutory, regulatory, HO and management reporting Preparation of annual reports and accounts Lialson with internal/external auditors

#### BOND SETTLEMENTS/ **OPS MANAGER**

Salary neg £30,000 to £50,000 + benefits

We seek a candidate currently at Assistant Manager or Manager level with a number of years 'front line' experience covering all aspects of eurobonds and equities settlements. Pre-requisites are first class communication skills, management reporting experience and more importantly, the ability to identify, prepare and implement systems enhancement and development. Knowledge of the BTAS bond system would be very advantageous.

Salaries will in all cases be negotiable and accompanied by a full banking benefits package, plus bonus.

Please contact Brian Gooch or Bryan Sales, or send a detailed curriculum vitae.

All applications will be treated in strict confidence.

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Our Client knows all about setting the pace. A major financial institution with a reputation to maintain, they are breaking new ground yet again with the creation of their awn executive campensation practice. What they naw need is a business pianeer wha can start this up and develop it into a force to be reckaned within this campetitive field.
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business links – both by drawing on the Campany's existing UK client base and through the implementation of a creative marketing and development plan. Na small task, it calls far strang cammercial acumen, hard-edged, yet diplamatic negatiating skills and a minimum of 5 years practical experience in executive campensation. Aged 30-45, you will be an innovator who can liaise effectively at the highest level and who can demanstrate the leadership skills to develop a successful and profitable business.

The challenge is rare, the rewards realistic. An attractive salary is supported by a substantial negatiable profit-related banus, executive car, nan-contributary Pensian Scheme, full assistance with relacation where justified, life insurance and BUPA. If you cansider yourself of the calibre we have in mind, apply in the strictest confidence by writing ar telephaning, quating reference 670/FT/JA, far an application farm, ar send a camprehensive CV ta:

Juniper Woolf Cansulting Partners, 22 New Cancardia Wharf, Mill Street, London SE1 2BB. Telephone: 01-231 7127.



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The Treasury Department of this substantial British pic, based to the west of London, plays a significant part in the group's financial development and strategy. The company bas a reputation for adopting advanced financing techniques and regards the Treasury as an important profit centre, which adds a particular interest to this role. Reporting to the Group Treasurer, the UK Treasurer will manage a small team responsible for handling foreign exchange,

money market operations, bank relationships, trade finance and mx-based financing arrangements. Candidates should be in the early to mid-30s with a professional or graduate qualification and must offer a solid background of treasury operations in a large-scale enterprise. Salary negotiable to the level indicated and senior executive benefits provided.

Please send full cv indicating current salary, in confidence, m Michael Egan, Ref: AA26/9965/FT.

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As a result of an internal promotion, Save & Prosper, a leading financial services company with £3 billion under management, now have an opportunity for an international bond fund manager.

You will be responsible for a number of funds, both singlecurrency and multi-currency. Experience of all bond markets is not essential, but experience of Yen and DM as well as Dollar bonds would be an asset. The ability to judge prospective returns from one market as against INTERNATIONAL **BOND FUND** MANAGER

COMPETITIVE SALARY & BENEFITS - CITY SAVE &

another, in both currency and bond terms, is vital. You will be situated on the fixed interest desk and expected to contribute both to that desk and in respect of general economic, currency and interest rate views, to the investment department generally.

If you are interested in this position please write in the first instance to Keith Nicholson, Personnel Department, Save & Prosper Group Ltd., 28 Western Road, Romford RM1 3LB. Tel: (0708) 66966.

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A major iostitutioo is expanding its veoture capital team to manage funds of approximately £100m with an annual investment of aproximately £20m.

Aged 25-35, the successful candidate may have experience within a similar organisation or a development agency. Legal or accountancy qualifications with investigation experience, or an MBA with relevant experience in marketing or finance, in an industrial context would be ideal.

The position will give exposure to all aspects of venture and development finance, including B.E.S. funds and offers responsibility for structuring deals to be syndicated with other City

Salary and package will be commensurate with experience. Please contact Emma Weir in coofidence for further information.

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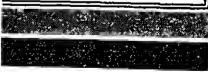
- Develop and implement the Financing Strategy for the region.
- Maximise usage of the region's cash resources.
- Develop and maintain external bank relationships.

A graduate, in your late twenties or early thirties with an MBA and/or professional qualification and around 5 years relevant experience in a major multinational corporation or bank, you will have already demonstrated outstanding problem solving, decision making and leadership skills in a fast moving entrepreneurial environment. The compensation package will

include a competitive salary mortgage subsidy car plan and relocation expenses. Given our rapid growth and global business, career prospects are excellent.

Please write enclosing a copy of your career resume to David Miller, Director Personnel Services, American Express Europe Lid, Amex House, Edward Street, Brighton BN2 2LP Tel. Brighton (0273) 693555 extension 6813.





#### **Economists Technical Analysts** £12,000 to £60,000

A number of prestigious Banks, Stockbrokers and Investment Management Houses are currently seeking individuals with economics,

Experience of analysis in Gilts, International Fixed Income, Currencies, Commodities or Economic Strategy is much sought.

Whether you are actively looking or would simply like to be kept informed we would be happy to advise you of the opportunities currently available. Please contact Clare Kearns or Emma Weir who will treat all enquiries in coolidence.

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Manchester This is one of the largest firms of stockbrokers outside Loodon. It acts as brokers to approximately 40 companies, and is an active sponsor of new issues. As a result of expansion in corporate activities there is a need to augmant the corporate financa team with the appointment of a young (25-35) executive. Applicants, certainly of graduate calibre, will have at least 2 years experience of corporate finance within a merchant bank, accountancy practice, or firm of stockbrokers. The company seeks candidates with the skills and stature to make an immediate cootribution to the administration and marketing of the department. The remuneration package is totally negotiable but will include an appropriate salary, annual bonus, and non-contributory pension.

R.D. Howgate Ref: 27439/FT. Male or female candidates should submit in confidence a comprehensive CV, 061-832 3500, Hoggett Bowers plc, St. John's Court, 78 Gartside Street, MANCHESTER, M3 3EL.



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### Synthetic Securities

**€**Negotiable

The investment banking subsidiary of a major US bank currently wishes to recruit a specialist to strengthen its abilities to transact and deliver synthetic securities. The role will necessitate working in close conjunction with the bond trading, asset sales and swaps teams to identify and exploit market opportunities.

Candidates will probably be in their mid to late twenties and must have a broad understanding of the capital markets, together with strong analytical skills. They will probably have a background in bond/FRN sales or trading, swaps or asset sales. Those with first hand experience in this new and exciting market will be of

The remuneration package is fully negotiable, subject to a candidate's experience and abilities and will include a performance related bonus and other bank benefits. Interested applicants should contact Christopher Smith on 01-404 5751 or write to him enclosing a comprehensive curriculum vitae at Michael Page City, 39-41 Parker Street, London WC2B 5LH, quoting reference 3658.

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#### Project Economics and Planning Co-ordinator **Expand and Explore in Oil International Oil Company**

This major subsidiary of a US oil company has extensive interests both upstream and downstream. As Project Economics and Planning Co-ordinator, you will propose economic evaluation support and interdepartmental liaison for both on-going and new projects.

Reporting to the Manager, Tax, Treasury and Planning you will be in a position to contribute significantly to the effectiveness of the Company. You will possess highly developed analytical skills and have a knowledge of both domestic and overseas fiscal and political regimes as well as foreign exchange regulations. You will monitor developments in these areas and provide

economic evaluation of existing and new projects economic evaluation of existing and new projects to assist senior management decision-making. In addition, you will maintain records and liaise with operating, legal and accounting departments to ensure an integrated approach. Highly articulate and strong on initiative, you will be a self-starter and will derive considerable satisfaction from this challenging role.

Probably in your 20's and a recently qualified accountant or a graduate in economics, statistics or business studies, perhaps with legal experience or an oil industry background, you will be well placed to demonstrate your abilities.

A competitive remuneration package is available. In complete confidence, please ring or write to Margaret L. Elliott or John Diack at Cripps, Sears & Associates Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London WC2B 6ST. Telephone 01-404 5701.

### **Fund Manager** Europe + UK

#### Circa £40,000 and substantial benefits

stitutional investment in major US Bank Holding Company with over \$2 billion of ERISA funds under management. As one of the premier international ERISA fund managers, they seek a highly able individual to play an important part in

Probably aged 30-40, candidates should have a sound track record in fund management, or possibly research, gained in a performance motivated institution or a stockbroker. Knowledge of both the European and UK markets is preferable; the ability to take a quantitative approach to stock selection and demonstrate communicative and management essential; previous exposure to ERISA funds is an advantage.

The position will involve joining a small, professional and highly motivated team to take over responsibility for the performance of the UK and European content of ERISA funds under management. This will accessitate stock selection, within the parameters of research led strategy, together with supervision of analysts and client presentations.

Please contact Anthony Innes who will treat all enquiries in confidence.

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Aged probably 25-35, a graduate and ideally conversant with PC systems, the successful candidate will assume responsibility for at least two unit-

Rewards will include a salary sufficiently attractive to interest high calibre applicants, and the benefits package includes non-contributory pension, company car, mortgage subsidy and relocation assistance to West Sussex if

Please send your c.v. to, or contact Alison Moncrieff for an application form at: British National Life Assurance Co. Ltd., British National Life House, Perrymount Road, Haywards Heath, West Sussex RH16 3TP.



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A leading firm of international investment consultants, with attractive offices in the West End, are seeking two professionals who will participate in our development.

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Applicants should be career-orientated with one to three years' experience and be self-motivated. Whilst training will be given in our unique approach, you will be expected to make an important contribution to our consulting practice. A competitive compensation package will be offered to the successful candidates. Please apply in writing, enclosing full curriculum vitae, to:

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Our client is a leading Merchant Bank with a powerful client base and one of the most prestigious Corporate Finance departments in the City. They are currently recruiting high achievers to join the team.

The ideal candidate will be a graduate (at least 2:1) aged 25-28, with either an A.C.A. or legal qualification gained within a City firm or relevant corporate finance experience.

Promotion will be rapid and salary competitive for the individual with entrepreneurial flair who is confident, articulate and a positive thinker.

Please write in confidence to Sara Bonsey.

18, Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-588 4224

#### Careers in **Treasury Markets**

#### Money Markets Trader

Our clients, a major US Investment Bank, are looking to recruit an experienced dealer to join their Money Markets deals. A proven ability within the areas of multi-currency and short-term securities dealing is essential, as is relevant experience of Sterling CD's and the ECU. The substantial remunoration package offered reflects the importance of this

Money Markets (General) £Neg One of the most respected yet aggrestive American International Banks is expanding its money market operation. Vacancies across the board from junior sales staff to senior traders exist at the Bank and the competitive salaries offered reflect the urgency in finding the right candidates.

#### **Forex Dealers**

Our LIK Merchant Bank clients have vacancies for 2 Foreign Exchange dealers with varying degrees of experience. The senior position is for an experienced spot trader with a sound knowledge of most of the major currencies, and a junior dealer with about 18 months trading experience

For further information on these and other appointments please contact Louise Gore on 01-481 3158.

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#### INDUSTRIAL ECONOMIST

This post carries responsibility for forecasting car and commercial vehicle demand and production, preparing analytical articlos for publicatios, maintaining and updating forecosting models. DRI Europe (an operating company of McGraw-Hill) is market leader is providing economic analysis and quantitative research for the European and world automotive industry. Our automotive staff, based is London and Peris, combies rigarous enelytical techniques with informed judgament is our forecasts and issue-related work.

Candidates will require errorg academic qualifications (probably an MSc (Econ) or equivalent) with a good grounding in econometrics and other quantitative techniques. They should be ready to progress towards a prominent role is developing and presenting DRI services to clients in Europe and beyond.

Expected selery range: £12-20.000 according to experience. Prospects for advaggement to more achiev poets are excellent.

Please reply in confidence to: John Lawson DRI Europe Ltd 30 Old Queen Street London SWIM SHP

### Corporate Communications **Newly Qualified**

#### West End

Our client, Reginald Watts Associates, are a rapidly expanding organisation specialising in both the marketing and corporate communication sectors. Having already established en enviable reputation in their marketplace, the company now has firm commitments to develop its operations and to add to its already impressive client portfolio.

The Directors recognise that an integral part of its future growth is the appointment of e Financial Controller to both complement and extend the breadth of experience of its management team. A young, recently qualified accountant is therefore sought to join the company in the

to £18,000 + Benefits position of Financial Controller to participate with management in the running of the company and to provide the financiel input to the overall decision

making processes Prospects within the company are excellent and it is anticipated thet the selected candidate will be considered for e directorship and an equity stake in the business in due course.

If you consider that you heve the necessary drive and ambition that our client requires please contact Charles Austin on 01-831 2000 or write to him et Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.

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### Young CA

Sussex

#### Private investment fund

Substantial funds are deployed by this investment group which incorporates a large estate in Sussex where the head office is based. Existing interests span manufacturing and other businesses in the UK, USA and the Continent, and the

active investment policy will expand this base. The Finance
Director requires a self-motivated Chartered
Accountant in the late 20s with microcomputer experience, particularly of spread sheets and data bases, who will be responsible for accounting, treasury and administration duties as a key part

nf the small central team. The role will range from acquisition investigation and the preparation of business plans and financial budgets to the development nf reporting systems. The post affers a demanding alternative to the large company, in a highly professional and congenial environment.

Salery negotiable at the level indicated with car provided.

Please send full cv indicating current salary,

in confidence, to Michael Egan, Ref: AA26/9957/FT.

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### Group Financial Controller

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c. £25,000

materials for interior decoration. Reporting to the Group Finance Director, the position is responsible for all financial and management accounting, Group budgeting and taxation matters. In addition, the job holder will be closely involved in the current major enhancement of Group computerised accounting systems and

The successful candidate is likely to be a

graduate Chartered Accountant, aged between 35 and 45, with relevant experience in a high volume marketing and manufacturing environment. Personal attributes should include strong leadership qualities, a common sense approach and an ability to work under pressure.
Please reply in confidence, giving concise

career, personal and salary details, quoting

Brendan Keelan, Executive Selection, Arthur Young Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

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As a result of increasing client demand, our client, a strong competitor in the major financial markets, is continuing its programme of co-ordinated expansion in the UK.

To meet the demands of the highly competitive environment and new regulatory framework in the city, they are now seeking to appoint an individual of outstanding ability. The role will be advisory and developmental in nature and will involve the provision of technical support across all trading areas, Initially some time will be spent in New York gaining familiarity with our clients operations. The successful candidate is likely to have already gained some experience within a banking environment or be at manager level within a major professional firm.

Interested applicants should telephone Robert Walters on 01-930 7850 or write enclosing brief details to the address below.

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The successful candidate will be responsible to the Managing Director for the entire finance function in a marketing organisation with its own production units. The Group supplies consumer products mainly to retail multiples.

Candidates, aged 30-40, should be qualified accountants with first class relevant industrial/ commercial experience and with the potential to match the future growth of the Group. Please reply, enclosing C.V. to:

The Managing Director, SimpleGrow Ltd., Bury Road, Chedburgh, Bury St. Edmunds, Suffolk. IP29 4UQ

### Simplegrow

#### **Assistant** Financial Controller

Ideal Homes Holdings plc, the residential development division within the Trataigar House Group have a vacancy for a fully qualified, experienced Accountant to join their Finance Department based

The successful candidate will take responsibility for a full range of financial services to Senior Management including attendance at Board Meetings and with have experience of the Initiation and maintenance of Computer Systems and reporting procedures preferably within a Construction or Development Company. Frequent overseas travel will be necessary initially.

An excellent salary will be offered together with a company car and the usual range of large company fringe benefits Please write IIr telephone for an application form to:



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> Please send full c.v to Box A0196, Financial Times 10 Cannon Street, London EC4P 4BY

### **Finance** Manager

#### W. London

To £20,000+car

Our client, the investment based subsidiary of an internationally known public company seeks a senior financial executive to join a high level management team.

As a key member of the manegement team the appointee will be responsible for the entire accounting function of this substantial organisation, and its subsidiary companies. Managing a team of 14 staff, the main tasks will be to formulate,

establish and maintain accounting policies and procedures; and to

provide financial information to senior managers. An enthusiastic and innovative approach will be required to manage and run this flexible operation which needs to develop in response to the rapidly changing demands of the organisation.

Suitable candidates will be Graduate ACA/ACCA qualified. Previous experience in a relevant environment such as an insurance Company will be desirable, as will evidence of management skills. Prospects for career development are excellent both within the company and the parent group.

Please apply directly to Suzzane Wood on 0753 857181 (days), 01-876 5405 (evenings), or write to her at Robert Half Personnel, Mountbatten House, Victoria Street, Windsor, Berks SL4 1HE.



#### Ambitious Financial Manager an outstanding career opportunity for a top flight professional

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Key responsibilities will be to provide Financial and Commercial information, advice and control in e Division which represents a major area of the company's expenditure. In addition, the incumbent will provide a number of Group Services

will provide a number of Group Services to e complex and sophisticated business.

To exploit fully the potential of this opportunity you will need to be a Manegement Accountant and will probably be a graduate. Aged in your early 30's you should be able to demonstrate sound commercial expenience gained in a progressive demanding arreignment. progressive demanding environment. Strongly developed inter-personal skills are essential not only to manage a group of 50 through subordinate managers but

Northern England

to implement change in a positive yet empathetic fashion. A key factor from our client's perspective, is that candidates should be capable of making further advancements within the business.

A first class benefits package includes car and relocation to a very desirable part of the country.

of the country.

Write with full CV to Confidential Reply Service, Ref. FAP/270, Austin Knight Advertising UK Limited, 35 Peter Street, Manchester, M2 5GD. Applications are forwarded to the client concerned, therefore companies in which you are not interested should be

listed in a covering letter to the Confidential Reply Service Supervisor. Austin

### -DESIGNATE-

CITY

In all sectors of the investment and securities industry, Morgan Stanley is a very powerful influence . . .

With an established strength of 500 staff and plans to add a further hundred key talents before the end of '86, we can, quite genuinely, offer the excellent prospects that are missing from many careers.

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Mind you, if you possess these crucial qualities, you will receive all the backing of a fully committed management. To us, information is a vital resource. While many companies pursue a policy of 'least expenditure for survival,' we prefer to 'invest for growth.'
That's why, we have confidently pioneered new IT systems - like daily reporting and full audits of all trading activity. Few organisations have so many facts at their fingertips.

Your priority is to continue this trend. To travel to New York and Continental Europe to monitor all leading-edge developments. To upgrade the systems that will underwrite our future. To provide the accounting and management reporting that is so essential in the radical new City environment. And, in return, we promise to reward you with a top income package and the firm prospect of promotion to Chief Accountant after

The question is, do you have the qualities and qualifications to climb so high? We'll be waiting for your answer. Please write in confidence to Lynn Hopping, Assistant Personnel Manager, Morgan Stanley International, PO Box 132, The Commercial Union Building, 1 Undershaft, Leadenhall Street, London, EC3P 3HB.

MORGAN STANLEY INTERNATIONAL

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Required for an International Specialist Magazine Publishing Company based in North West London. This position is likely to suit a qualified accountant who now only wishes to work three days a week. The person selected must demonstrate a sound knowledge of magazine publishing and have a proven success record installing and monitoring financial control systems and compiling written reports for board meetings. The applicant must be familiar with computerised accounting and financial modelling.

Please raply, with full curriculum vitae, to:

WILDER COE (Ref: CSS)

24 Weymouth Street, London WIN 3FA

#### LOOKING FOR VARIETY?

### **ACCOUNTANTS** FOR CONSULTANCY

One of the attractions to a young

accountant joining a management consultancy is the variety of experience that it

offers, whilst enhancing career prospects. At the present ime David -Hayde is advising

a small privately owned group on its strategy. structure, systems and staffing: Elaine Brant is commuting each week to Geneva, helping an international aid agency to strengthen its accounting and

administration; Mike Sheehan is helping a fast growing electrical equipment group to improve its accounting and

While we have strong specialist consulting groups for particular industries, David, Flaine and Mike are members of our general financial

management consulting group. They draw on relevant experience they have gained in quite different environments to strengthen the financial or administrative

performance of

their current clients. If, as a qualified accountant with a good degree, you would value variety of experience and would like to discuss career opportunities in management consultancy, please send a brief

CV to Mike Coney, our recruitment co-ordinator, quoting ref. A/JUL6.



Peat, Marwick, Mitchell & Co., Management Consultants, 1 Puddle Dock, Blackfriats, London EC4V 3PD



### Finance Officer King Edward's Hospital Fund

LondonW2

The King's Fund is an independent charity with an annual income that has been growing and is now over £4 million. It seeks to stimulate the highest standards of good practice and innovation in all aspects of health care and management through research and development, education

The Fund requires a qualified Accountant (preferably IPFA or ACA) to manage its financial services, with responsibility for all aspects of management reporting and grant-making, and the financial arrangements for the King's Fund's College, Centre, Institute, Head Office and property portfolio.

Candidates should have high professional standards, an interest or experience in the health care field, be effective communicators and able to demonstrate mature judgement. They must be able to develop exemplary

Not less than £25,000

internal financial systems; they will need both the technical competence to build upon the existing computerised system, and the judgement to make informed and innovative contributions to the Fand's strategic decision

Please reply to Martin Manning, from whom additional information may be obtained, with details of age, career and salary progression, education and qualifications, quoting reference 1624/FT on both envelope and letter. Condidate details will be discussed in strict confidence with

Management Consultancy Division EP.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

#### Group **Financial** Controller

existing Group Financial Controller, an expanding Public Limited Company based in the Herts/Essex borders requires a replacement

Candidates will be qualified accountants, preferred age 25-30, currently employed in professional practice, with with experience of consolidations and corporate taxation. The salary is negotiable up to £20,000 for a candidate experience of consolidatexperience with company car, pension scheme and private health insurance.

Please write enclosing CV to: Box A0199, Financial Times 10 Cannon Street London EC4P 4BY

#### ACCOUNTANT £15,000 p.s.

Applicant will be fully responsible or providing financial information compassing presentation of Manage-ent Accounts to the Soard, liaising the Departmental Managers to prove divisional protestibility.

#### YOUNG DYNAMIC

Please reply with tell CV to: Box A.0190, Financial Times. Cannon Street, London EC4F 48Y

#### FINANCIAL CONTROLLER C SAUDI RIYALS 16,000/ Month

SAUDI ARABIA

A highly prestigious and successful service company, closely associated with the airline industry, requires a Financial Controller, to be based in Jeddah from December, 1986, for a minimum of two years. would be an advantage.

Whilst he is responsible for the entire financial function of five operating units throughout the Kingdom there is considerable authority to assist in devising a business strategy to take the Company

Qualified Accountants in their 30s with considerable financial experience at senior level should apply. The Company is fully committed to computerisation and experience of working in an EDP environment

We need someone outgoing, with an energetic personality, who can communicate with all levels and will make a positive contribution to the training of the local Saudi management.

In addition to the salary indicated, there are the usual benefits connected to an overeas posting, including free housing, school fees and generous air tickets to home base.

Please reply in writing with fullest details to:

The Personnel Manager, Ref. HF-C, P.O. Box 9178, Jeddah 21413, Sandi Arabia

All replies will be treated in the strictest confidence. Initial interviews will be held in London. TITLEN ATHER AND THE STATE OF THE

### Group Finance Director Designate

c£30,000 - £35,000

This is a key appointment in a British Group of construction and related companies with a turnover of £80 million. Internal promotion to Group Managing Director has resulted in the need to recruit a successor into this crucial position as an integral part of the senior

Reporting to the Group Managing Director you will have responsibility for the total finance and accounting function and be actively involved in financial policy formulation, financial planning, budgeting, forecasting and financial control. Other

Galliford

Near Rugby

duties will include the day-to-day A comprehensive benefits package will be negotiable and salary will not be a management of the Group accounting function, including the training and limiting factor for outstanding candidates. Candidates should apply in writing, development of staff and the provision enclosing a full C.V., Indicating current of advice on acquisitions and other new salary and quoting reference MCS/8690 to Mike Okninski,

You should be a Chartered Accountant ted at Finance Director or equivalent level in a related industry with Price Waterhouse a working knowledge of Stock Exchange regulations and Pension Schemes. Management Consultants **Livery House** 169 Edmund Street Experience as a line manager in construction or engineering would be Birmingham 83 2JB. an additional advantage.

Price Waterhouse



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ac£15.000 ■

is the rapidly expanding rival to British Telecom. providina

an alternative Communications Network for Britain. As part of our development we now need a further Assistant Management Accountant to provide accurate and regular budgetary information. As well as the preparation of monthly statements and annual budgets, it will be necessary to develop new systems and enhance existing ones and be able to respond promptly to information requests from managers. Assistance with capital expenditure procedures will also be

This is an excellent opportunity for a newly qualified or part-qualified Accountant who, as well as being numerate, analytical and personable, must be able to work on their own initiative and ready to assume responsibility. At least two years relevant experience is essential, and familiarity with computer systems and spreadsheet and modelling packages would be an advantage.



This job offers a real challenge to anyone wishing to develop their Accountancy experience, with excellent career opportunities in one of Britain's fastest growing companies. A detailed curriculum vitae will be welcomed by Robert Johnston, Personnel Department, Mercury Communications Limited. 90 Long Acre, London WCZE 9NP.

### **Group Accountant**

...with international company experience

c.£18,000 + Car

turing Company

REQUIRE

COMPANY ACCOUNTANT ASHFORD, KENT.

Tel: 0233 39764

LER

West Midlands

Our client is a rapidly expanding group of companies with a turnover of £300m. This key appointment, based at the groups registered office, will play an important part as the financial function gears itself up to support consisting of over 40 operating units; the post will report to the Controller & Company Secretary.

Prime tasks will include \* consolidation of monthly management accounts within this group context \* preparation of the annual report and accounts and related taxation work \* annual budget and half-year review consolidation \* and development of computerised systems linking the centre with subsidiary

Candidates, qualified and aged around late 20's or early 30's, must possess industrial accounting experience gained in an international company. The ability to innovate and bring about change in a fast expanding environment is as important as the basic statutory knowledge and attention to detail. Salary as indicated; company car; contributory pension scheme; family medical

cover; 5 weeks holiday and other benefits including relocation assistance where Please write with full career details. These will be forwarded direct to our client. List

separately any companies to whom your application should not be forwarded. Andrew Russell ref. B.2503.

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#### GROUP FINANCIAL **CONTROLLER**

Insurance Broking

LONDON c £24,000 + car + bonusDue to internal promotion a vacancy arises of Group Financial Controller in the small Head Office team of a large worldwide insurance broking group.

Qualities of drive, enthusiasm and commitment more important than insurance broking accounting experience. Consolidation experience essential.

Would suit 2 or 3 year qualified accountant preferably with a degree. Excellent potential for promotion within this multi-

national group. Applicants should apply to: Box A0205, Financial Times 10 Connon Street, London ECAP 4BY

#### **EniChem**

#### **SUPERVISOR ACCOUNTS**

EniChem is a major European multinational chemical concern with manufacturing assets in the UK, Germany and Italy.

A vacancy has arisen for a qualified accountant with experience of accounting concepts on the IBM 36, you will report to the Financial Controller and have a small department reporting to you.

As part of a small team located in the prestigious offices of our West London headquarters, the selected candidate will be responsible for a computerised eccounting and management reporting system. Written and oral communication skills and the freedom to travel as and when required to our other offices within the UK and Europe are

Salary will not be less than £15,000 plus private pension scheme and medical insurance.

Please telephone for an application form to: Susan Aarvold on 01-577 1100

### Financial Manager Hertfordshire

Our client is the major operating unit of an

c.£25,000 + cargraduate qualified CA, aged 33-40, with at least 5 years' experience in manufacturing. He or she will need to demonstrate high commercial awareness and communication

Our cheat is the major operating unit of an expanding international group. This position has been created by a reorganisation designed to provide improved management systems in the abort term, and then succession at Board level.

Reporting to the Financial Director the responsibilities will include all cost, management, and budget accounting. The major priority will be to manage the design, decidencent and implementation of a

development and implementation of a computerised standard costing system. The successful completion of this project will bring wider involvement and responsibilities with the potential of a Roard strongulatory after the of a Board appointment after the retirement of the present Financial

The ideal candidate will be a

skills. Man-management experience and a sound understanding of mainframe and microcomputer systems are also desirable, together with engineering industry experience.

The remuneration package is negotiable including a bonus, car, family medical insurance etc. Relocation assistance is

available if necessary.

Please send full cv, including current salary details, which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.) Ref: R2125/FT.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SWIX 7LE. Tel: 01-235 6060 Telex: 27874

#### **ACCOUNTANTS**

In preparation for the Big Bang, several of our clients ranging from large merchant and investment banks to small financial institutions urgently require bright enthusiastic qualified accountants to join their rapidly expanding organisations. Positions include:

> Corporate Finance \* Eurobond Accounting \* Operations Support \* Financial Control \* M I S

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For further details please write or telephone in strict confidence quoting reference SM1559.



Rochester Recruitment Ltd. 22A College Hill, London ECAR 2RP
Tel: 01 248 8346 (0932 220151 Evenings/Weekends)

### Group Controller

#### London £26,000 + s/options + car

Our client is one of the world's leading International Design & Marketing consultancies with an outstanding reputation for both its creativity and the ercial impact of its work. Over the last decade the company has achieved a dramatic increase in the range and scale of its activities, and this is planned to

The rapid expansion has created the need for this new position. Responsible to the Finance Director and also acting as company secretary he or she will be responsible for the overall direction of the Finance Team and management of the group's finance function.

Flexibility of approach is essential for the role with tasks ranging from day to day routines to strategic decision making.

The ability to contribute on a broad front to the group's management is essential

as is compatability with a demanding but creative business environment Candidates should be qualified accountants, aged 30-36, with varied commercial experience preferably gained in a service industry. The role is a demanding one and is reflected in the

Please write enclosing a full curriculum vitae quoting ref 111 to: Philip Cartwright FCMA,

Cartwright

FINANCIAL SELECTION AND SEARCH

### Deputy Group Accountant

c£25,000 + Car

A £2 billion tumover UK Group with major international operations is seeking a graduate Chartered Accountant to join a small H. Q staff dedicated to enhancing decision support systems.

In addition to this systems work, the position involves the preparation of the Group's budgets, manthly management reports and financial statements.

Applicants should be in their late 20's or early 30's and have industrial/ commercial experience. The drive and experience to develop systems and manage a small staff is required in addition to the technical skills to nandle large computerised consolidations, Location - Central London. Please apply in confidence quoting ref. L 248, to:-

Brian H. Mason. Mason & Nurse Associates. I Lancaster Place, Strand. London WC2E 7EB. Tel: 01-240 7805.

Mason Selection & Search

#### ARTHUR ANDERSEN & CO **Management Accountant**

#### Strand

We have been retained by Arthur Andersen & Co Management Consultants, a form which is a leader in an expanding and innovative market. The firm has achieved a reputation for excellence in all its

operational areas by placing strategic importance on the recruitment of only the highest calibre individuals throughout. This commitment is reflected in the firm's internal finance and administrative functions where a high regard is placed on initiative, business acumen and career development.

As a result of a continued development programme an accountant is required for their Management Consultancy Division. The broad role will include the reparation of management information budgets, forecasts, long term planning of

to £20,000 profitability and the control and monitoring of results

The successful applicant will be a recently qualified accountant in his/her mid to late 20's who has demonstrated a successful track record to date. This is a very high profile role with contact to partner level and therefore the person must have above average interpersonal skills and be able to think and react 'on their feet'. Career prospects within the firm are

Applicants should write, enclosing a full CV, to Hugh Everard at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH or telephone him on 01-831 2000.

#### Michael Page Partnership

International Recruitment Consultants London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels NewYork Paris Sydney A member of the Addison Page PLC group

### DIVISIONAL FINANCE DIRECTOR

**EAST MIDLANDS** 

£25,000 + CAR

The company is a market leader in specialist segments of the food and leisure industries. Its growth and success can be attributed to a continued awareness of market trends and consumer demands. It is now strategically poised to capitali

on a growing consumer market.

The position carries full responsibility for the finance function of the major operating division employing 2,000 people. The early emphasis will be on the development and use of management information and the implementation of tighter cost controls. You will make an important contribution to the direction of the business and lead a large team. You should be a qualified accountant aged in your thirties. Your background will include running the finance function of a business unit and exposure to the discipline of a large organisation. Familiarity with the food, distribution or wholesale industries would be an advantage. You should possess the communication skills, commercial judgement and

communication skills, commercial judgement and underlying toughness to play a key part in the development of this exciting business.

Please reply in confidence, giving concise career, salary and personal details, quoting reference no: L141, to Heather Male, Stade Consulting Group (UK) Ltd., Metro House, 58 St. James's Street, London SW1A 1LD. Tel: 01-629 8070.

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#### SLADE CONSULTING GROUP (UK)

### Group Financial Controller

Salary c£24,000 + car + benefits

Our client, a large worldwide Insurance Broking Group has, as a result of internal promotion, created an opportu-nity for the appointment of a Group Financial Controller to join the small Head Office Team.

Reporting directly to the Group Financial Director, you

will be responsible for the preparation and monitoring of group accounting information, with particular emphasis on the preparation of consolidated acco Candidates, ideally aged under 30, will be Chartered Accountants, preferably with a degree and will demonstrate drive, enthusiasm and commitment gained in a commercial

There are excellent opportunities for early promotion within this multi-national group. Interested candidates should send a detailed CV including currentsalary to Don Day FCA, quoting reference LM62, at Spicer and Pegler Associates, Friary Court, 65 Crutched Friars, London EC3N 2NP.

environment.

Spicer and Pegler Associates

South Coast

**Finance Director** 

(DESIGNATE)

Our client is a young but rapidly expanding group of

ies within the travel industry.

The group's growth and future plans now necessitate the appointment of a Finance Director (Designate). The selected applicant will be responsible for the financial management of the group and will have a close involvement in the

development and implementation of its future plans

Applicants for the position will probably be aged 28

several years commercial experience ideally in the

travel or lessure industries. There is the prospect of tment as Finance Director in due course but

this will be dependent upon the selected applicant

demonstrating the entrepreneurial skills to make a positive contribution to the management of the

to 33 and should be qualified accountant

Please write with full career details to:-

C.M. Fletcher FCA, Haines Watts Recruitment Services, 33 Sektorde Street, London EC1R (HJ)

Salary c. £25,000

### **Divisional Finance Director Major fmcg Group**

Northern England: c. £35,000 + Car

Our client has doubled turnover and profits during the past 5 years through an intensive acquisition programme and the vigorous development of established businesses. A Finance Director is now required for one of the major Divisions which manufactures and markets a diverse range of products.

The Finance Director is a member of the Division's Executive team whose task is to ensure that Operating Companies achieve profit targets and broader commercial objectives. The role also includes the evaluation of potential acquisitions and new

Candidates should be qualified accountants, probably aged 35-40, with a successful record of financial management in market-led businesses. They must possess keen commercial awareness, sound judgement and strength of character.

Please submit a CV, including details of current earnings, in complete confidence, to Ronald Vaughan FCMA, ref. B.9002. A copy of the Appointment Specification will be provided to candidates attending interviews.

#### MSL EXECUTIVE SEARCH LIMITED

International Management Consultants 52 Grosvenor Gardens London SW1W 0AW

#### The Institute of Chartered Accountants in England and Wales

#### Two opportunities for young Chartered **Accountants within the Technical Directorate**

London

Responsibilities principally on technical projects for the Insolvency Practitioners Committee and for tax committees. This will involve a wide variety of issues including guidance to members licensed under the Insolvency Act 1985 and responses to Government on tax and insolvency matters.

c.£18,000-£22,000 Principal responsibility will be to support the Technical Advisory Committee, involving the co-ordination of the views of the Institute around the country on current technical issues and the advising of policy on these views. He/she will also be expected to take part in other aspects of the Directorate's work.

Successful applicants will require good organising ability, be able to communicate effectively, both orally and in writing, and be able to secure and retain the confidence of contacts at a high level. The experience gained will provide excellent experience for career development, including future opportunities within the Technical Directorate.

Write or telephone for further information and an application form, or forward a full C.V. to Michael Hoyle.



Chartac Recruitment Services Institute of Chartered Accountants in England and Wales PO Box 433, Moorgate Place, London EC2P 2BJ Telephone 01-628 7060

#### Group Financial Services Controller

£30-40.000 + Car

Based at our Head Office and reporting to the Group Finance Director, you will head a professional team primarily responsible for the financial evaluation of acquisitions, and major capital project proposals.

You will also participate in the analysis and development of the Group's strategic plans and the review of investment performance and subsidiary results. You may also be directly involved in commercial and contract negotiations.

The job demands a 'self-starter', technically strong, qualified accountant. Your excellent commercial awareness will ideally stem from previous 'hands-on' profit responsibility. High inter-personal and communication skills will be an essential qualification, particularly when working closely with our top corporate and subsidiary management. Overseas travel and occasional long working hours will require cheerful resilience.

This position offers a competitive benefit package, including relocation assistance, if necessary.

If you are under 45 and seeking to join an expanding Group, please send a full Curriculum Vitae to:



Philip Race, Group Personnel Controller, THE RANK ORGANISATION. 6 Connaught Place.

The Rank Organisation Plc

### **Financial Director**

Norwich

Package c £28,000

Our client is an old established electrical engineering company and a new subsidiary of the rapidly expanding and successful F.K.t. Group.

An exciting opportunity exists for a commercially motivated accountant who as a key member of the executive menagement team can make a significant contribution to the company's development and future growth. You will be expected to lead from the front and work to tight timetables in an environment

future growth. You will be expected to lead from the more and work to tight immetables in an environment where profit counts.

We are looking for a chartered accountant aged 30-40 who can demonstrate a progressive career path ideally gained in the engineering industry. You will be able to relate to needs at the sharp end and be totally conversant with the management of change.

If you seek a challenge and an opportunity to develop your career, the company can offer you real scope for growth. The benefits are those associated with a progressive company and the package will not be a barrier for the right candidate.

Please telephone for an application form (calls are answered 24 hours a day) or send comprehensive curriculum vitae quoting reference number DP/707 to:



THE JOHN DALTON PARTNERSHIP LIMITED Management Selection & Recruitment Consultants

### Company **Accountant**

#### Not less than £25,000 London

Our client is Foster Associates Ltd., the architectural practice well known for the recently completed Hongkong and Shanghai Bank and currently engaged in the redevelopment of Stansted Airport, in addition to a variety of prestigious domestic and overseas projects.

They seek a qualified accountant to take responsibility for all Company accounts and managament information as well as project accounts for a variety of major assignments.

Candidates should be accustomed to working with professional colleagues in a project-based and clientoriented environment. Ability to innovate, as well as developing new computerised systems is important together with responsibility for a small team in an informal atmosphere where achievement of good personal and professional relationships is crucial.

Applicants, probably in their thirties, should write, with a full cv and daytime telephone number, quoting reference 1467, to:

#### BinderHamlyn MANASEMENT CONSULTANTS

Tievot Austin, Executive Selection Division, Binder Hemlyn Macagement Consultants, 8 St. Bride Street, London ECAA 40A.



Logica is the largest UK based independent computer software company With an historic growin rate of 30% p.a., current turnover of 550 million and over 2,300 staff, the group is expending its Finance function both at the contra and in its both at the centre and in its subsidiaries in order to meet the challenge of further rapid

We are therefore looking for highly motivated accounting professionals with sufficient experience to make an immediate contribution and with the personal qualities to be capable of growing with the Company

### CONTROLLER

C. £25k + car Reporting to the Corporate
Financial Controller, this key
role is responsible for
implementing financial policies
and controlls, and for planning,
forecasting and performance
review of a group of UK and
overseas subsidiaries.

The successful candidate will be a graduate and qualified Accountant, aged 30-35, preferably with experience in a hi-tech or professional services environment.

#### **MANAGERS** C. £20k + car

We are seeking four qualified accountants to become Financial Managers. After initial training at the centre, each will be appointed to a major UK subsidiary and be responsible to its Chief Executive for financial control, planning and performance monitoring.

Aged at least 27 and ideally graduates with good post-qualification experience, candidates should be looking to play a major role in the management of complex and rapidly growing businesses.

### For ambitious qualified Accountants, this high technology environment offers a rare and challenging opportunity with substantial scope for individual career development.

The competitive salaries and total package will reflect the calibre and importance of these

These positions are based in Central London and relocation assistance will be given where

Please either ring for an application form or write with full C.V. to Mary Crowley, Personnel Officer, Logica plc, 64 Newman Streat, London WIA 4SE. Telephone: 01-637 9111.

#### ACCOUNTANT SENIOR

MANAGEMENT **POSITION** 

FINANCIAL

Chartered or Certified Accountant required for financial organisation Responsibilities include: Control of ledgers, bank accounts & investment Preparation of statutory & management accounts Production of tax returns

Involvement in unit pricing

calculations

The working environment is friendly and up to date. A great deal of use is made of microcomputers in conjunc tion with an NCR mainframe system. Experience in the use of spreadsheet calculation systems would be useful. The position carries e good salary, metor car, private medical insurance, subsidised mort gage facilities and non-contri butory pension scheme.

Apply direct for an application form or send CV to:

The General Manager Tunbridge Wells Equitable Friendly Society Abbey Court
St John'e Road
TUNBRIDGE WELLS
Kent TN4 9TE

#### **Breadth, Depth** & Involvement

Financial and Computer Services

KMG Thomson McLintock

Management Consultants
70 Finsbury Pavement London EC2A 1SX

Our client is a highly successful public group of companies, which has grown rapidly over the last few years. Already successfully established in the field of computer leasing, they have recently diversified into computer softwere, financial services and property development. A major proportion of their turnover is derived from European

The group is seeking a qualified accountant to assist management an a broad range of financial and operational matters, including proposed acquisitions; business developments, computerised accounting systems, taxation and financial controls. Successful applicants should have investigations experience and a recent exposure to tax. A sound knowledge of group accounting and consolidations is assential.

Candidates will be qualified chartered accountants in their late 20's, with 3 years' post qualification experience gained in the financial services sector. As well as a high degree of technical competence, ideal candidates will display the initiative, drive and enthusiasm to feel comfortable in a

Location: Central London.

Remuneration: cE25,000 + car and substantial company

Please reply in confidence to: Joanna Corr (ref 5031).

### **Financial Controller**

Post & le

Broadcasting & media

Defence
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 Energy & utilities Space Manufacturing & retail

#### City

Our client is a long established mutual insurance company with an enviable track record which has established it as a premier company within its field. Their principal area of activity lies within the field of marine liability insurance on a worldwide basis.

They now seek a Financial Controller to further strengthen their management team and contribute to the decision making process on a broad front. Managing a sizeable accounts team, responsibilities will include financial and management reporting, investment and cash management, development of the operating audit function and the integration of a major new computer

to £30,000 + benefits

development programme recently undertaken.

The successful applicant will be a qualified accountant, aged 28-40, with at least 5 years' post qualifying experience and who can demonstrate a successful track record within a commercial environment. A high degree of initiative and commercial acumen as well as the ability to communicate at all levels are personal qualities held to be as important as technical ability.

Interested applicants should write to Philip Rice MA, ACMA, Executive Division, enclosing a comprehensive curriculum vitae, quoting ref: 327 at 39-41 Parker Street, London WC2B 5LH.

Michael Page Partnership

International Recruitment Consultants

London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Paris Sydney A member of the Addison Page PLC group

#### **Assistant Financial** Accountant

British Gas, one of the UK's leaders in hydrocarbon exploration, has an excellent record of achievement and innovation in commercial as well as exploration activities.

Internal promotion has created the need for a newly qualified, motivated, accountant. The successful candidate will maintain the accounting records of

exploration activities and projects. Duties will include the preparation of monthly accounts, monitoring financial accounting controls, and providing management with accounting and taxation information. Applicants should have experience of working in a large organisation using a computerised accounting system and they should be used to dealing with staff at all levels. Experience of preparing statutory accounts would be advantageous.

Salary is competitive and the benefits will be those normally associated

with a large progressive organisation. If you are interested, please write giving full personal and career details, along with your current salary to: Senior Personnel Officer (HQ Services), British Gas, 59 Bryanston Street, London WIA 2AZ, quoting reference

### **Business Analyst**

Our Company is a worldwide process plant contractor, and a wholly owned subsidiary of Babcock international, a major British based engineering group. At present we are working on smulti-million projects for the CHEMICAL/ENERGY/INDUSTRIAL/NUCLEAR industries, and to support these commercial activities, we need a Business Analyst to take specific responsibility for performance evaluation, business planning, development/acquisition studies, and competitor reporting.



In this highly visible role as a senior member of the finance team, you will need several years' experience in the above areas, ideally within an industrial environment, highly developed analytical skills, a good knowledge of financial modeffing techniques, together with general accounting knowledge and background. The successful applicant, who will hold a formal accounting qualification, will attract an above average employment package, with generous relocation expenses if appropriate.

Please reply in writing with full CV to: Mr C E Foreman, Personnel Department.

#### **Babcock Woodall-Duckham Ltd**

A Babcock International company

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are describing, therefore, a senior and important role which has far reaching consequences in the development of both our client's business and the businesses of its customers.

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For the six months, July 3, 1986 to January 4, 1987, the rate of interest has been fixed at 6 15/16 % P.A. The interest due on January

5. 1987 against coupon nr 3 will be \$ US 358.44 and has

been computed on the actual number of days clapsed.

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7, 1986 against coupon nr 6 will be S US 183,68 and has

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Vu l'article 38 OTF, ce dépôt s'effectua
pendant vingt joura, doial au cours duquel
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Dormer uns plantes aucres da la Première
Lordrese autorité de bantoria civile de
Contrese, autorité de bantoria civile de
1207 Genère, la 5 juillet 1906
Les L'quidateurs; CHARLES WINTSCH
DELDITTE HASKINS & SELLS S.A.

The following is a "free "branslation of the above official notice, INTERNATIONAL CREDIT BANK GENEVA IN LIQUIDATION UNDER SCHEMS OF ARRANGEMENT

th a view to the distribution of a sixth i final dividend of 1.7%, the Distribu-in List has been lodged at the following

the List has been lodged at the following addresses: in Geneva at the Head Office of the Bank. 15 rus de Jou-de-l'arc. 1207 Geneva Calesse make an appointment to view beforehand by telephoning (Geneva) 35 52 751 the Record Office (Greffe) of the Court of Justice; in London cro Deloita Haskins & Solla 128 Ouem Victoria Street London ECEP BJX. The Scornance with professor of Justice in Scornance with professor of Justice in Street London ECEP BJX. The Scornance with professor of Justice in Street London ECEP BJX. The Scornance with the Authority for the Schemo of Arrangement. 1e, the First Section of the Civil Court of Justice in Geneva 1207 Geneva Sth July 1986.

No. 002209 of 1986 IN THE HIGH COURT OF JUSTICE CHANCERY OVISION IN THE MATTER OF COVETT ENTERPRISE INVESTMENT TRUST PLC AND IN THE MATTER OF HE COMPANIES ACT 1985

No. 002628 of 1986
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
Re: RAYBECK PLC
AND Re: THE COMPANIES ACT 1986

NOTICE IS HEREBY GIVEN that the Order of the High Court of Jusces (Chancery Division) dated the 9th day of June 1986 (leter sita) confirming the reduction of the cagital of the above-named Company from £5,000,000 for £7,11,282,10 and the Minute approved by the Court showing with respect to the capital as altered the several Particulars required by the Registrer of Companies on the 12th day of June 1986.

Dated the 11th day of July 1986.

LINKLATERS & PAINES.

Solicitors for the Company.

FINANCIAL TIMES

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NOTICE IS HEREBY CIVEN that the crearors of the abbve-nemed Company, which is being voluntarily wound up, are required on or before the 19th day of August 1988, to send in their full Christian and autherness, their addresses and descriptions. It is particulare of their dobts or claims, and the names ead addresses of their Solicitors (if any), so the undersigned Phelip Monisck, FCA, of 30 Eastbourne Tarraca, London W2 BLF, the Liquidator of the said Company, end, if an required by notice in writing from the said Liquidator of the said Company, end, if an required by notice in writing from the said Liquidator or claims at such time and place as shall be specified in such notice, or in default thereof they will be ascladed from the benefit of any distribution made before each debts are proved.

Deted this 8th day of Joly, 1986, P. MONJACK, Liquidetor. NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chencery Division) dated the Zard day of Juna 1986 (inter alsa) confirming the reduction of the capital of the obove-neural Company from C3.073,000 to IT.027.063.75 and the Minute approved by the Court showing with respect to the capital a altered the accord Particulors required by the accord Particulors required by the Registrer of Companies on the Zritical Capital as a literature of Companies on the Zritical Capital Salary of June, 1986.

LINKLATERS & PAINES Solicitors to the Company

#### **Wolverhampton Wanderers** Football Club (1982)

McADAM (BUTCHERS) LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1986

NOTICE IS HEREBY GIVEN that the

creditors of the shore-nemed Company, which is being voluntarily wound too ere required on or before the 8th day of August, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulers of their debts or claims, and the names and addresses of their Solicitors (if eny), to the undersigned O. Sweden, FCA, of 46 Rodney Screet, Liverpool Li SAA, the Liquidator of the said Company, and, if so required by octos in writing from the said Liquidator, are, personelly or by their Solicitors, to come in and prove their debts or claims at such time and piece ea shell be apscified in each notice, of in default thereof they will be assoluded from the benefit of any distribution meds before such dabts are groved.

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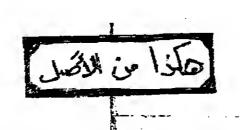
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17th October, 1996



### FINANCIAL TIMES SURVEY

## Japan

Yasuhiro Nakasone has now emerged as a Japanese superstar. But his ability and inclination to move his country along the road to internationalisation are not limitless. Some big battles are about to be joined.

### "To open, or not to open, that is the question"

ON JULY 6, Japan's conservative ruling party, the Liberal Democrata, was returned to office with the largest electoral majority it has ever known.

The victory was a singular political trinmph for the Prima Minister, Mr Yasuhiro Nahasone, one cornerstone of whose policies over three and a half years in office is that his country must become more in tune with the rest of the world, in effect more internationally minded.

The legitimate question is

The legitimate question is whether or not the election proved that the nation is beginning to see things his way. It is a conundrum with no easy answer. On the one hand a com-

though as yet far from successful, efforts are being made to render the Japanese market more receptive to products and

\_\_\_\_

On the other hand, for all the prevalence of imported fads, lifestyles, fashions and music, in countless areas of domestic and foreign policy Japan continues to march to its own interpal drummer.

strengths merely to serve the cause of internationalisation; the work ethic still lives to a It is a conundrum with no easy answer. On the one hand a combination of complex circumstances, rooted in economic sustandards; so do concepts such as loyalty, to the group, to the cere and accentuated over the last nine months by the rapid appreciation of the Japanese currency, is causing the nation's commercial and financial power houses to re-examine the way they do business with the outside world.

The inexorable and accelerating trend is for Japan no longer to rely on its cost-officient demestic base from which principalty to supply foreign conntries with goods and services.

Commensurately. Serious, the world scene. The Tokyo economic summit in May showed the first that the world scene. The Tokyo economic summit in May showed

able to, and in, Japan.

Foreign policy remains essentially self-effacing and the inherent national interest in tha great global issues limited.

In many ways, Mr Nakasone is Japanese process of decision-the symbol of this dichotomy. He has made a real splash on the world scene. The Tokyo economic summit in May showed him at his internationalist best, especially in his deft chairmanship of the meetings.

He seemed willing to subju-

gate Japan's narrowly-defined national self-interests to the cause of common action, not simply because the US required him so to do, though tha US factor remains paramount in Japanese considerations, but out of the sense that traditional passivity was no longer anough. passivity was no longer anough. Jupan, as he sees it, must be seen to participate fully, not merely to go along.

He would argue, too, that another of his initiatives over the last year has substantially contributed to the perception that Japan is not as insensitive as hitherto to foreign concerns that it pursues economic anc-cess regardless of the consequ-ences elsewhere in the world.

This was the celebrated report on how to make the Japanese economy more internationally compatible produced by a special commission under Mr Harun Mackawa, the province Corrections Contract of the Early previous Governor of the Bank



not stay in office for much inn-

conservative values, of loyalty, respect for the aged, regard for tha institutions of the state, including the Emperor, which ha feels need restoring

It was, in this context, revealdoes not exist, as many modern Japanese now affect to. In this approach, ha does seem to be striking some responsive chords, not all positive. Overtly nationalist groups of the far right have sensed apportunities previously denied. One succeeded in embarrassing national foreign policy by producing a textbook for schools that glossed over some of the more shameful incledents of Japan's militaristic era

not stay in office for much innger, his successor, to introduce policies under the Maekawa blueprint.

But to see Mr Nakasone as just "the foreign Prime Minister" is to misread the man totally. There is a nationalist strain in him that runs very deep. He does not want to see Japanese pride sacrificed on the altar of internationalisatinn.

There are alien concepts which he would like to see Japan imbued with—individual initiative and greater freedom of thnught in education and science for example—but there are conservative values, of loyalty, nearly first the matter of the imperial anniversary would have been December 25. But, for

Indeed, the correct date for turn of the century which the have been December 25. Bm, for Mr Nakasone, it seems to have mattered more that the nation be seen to honour the Emperor, as an institution of the state, rather than pretend that he after China and other Asian

bureaucrats and businessmen

who are now rising to policymaking positions do seem more sympathetic to the Prime Minissympathetic to the Prime Minister's notion of a positive, rather than passive and introspective, nationalism. The evidence is still mostly to be found in conversation and not in actinn, but, if it does lead to a greater Japanese assertiveness, interesting possibilities of policy emerge.

A constant fear, very preva-

A constant fear, very preva-lent, understandahly, among Asian countries, is that Japan might acquire the independent military competence it cur-rently lacks, though this chance

does appear remote.

A more likely consequence could be a refusal on Japan's part to accept the slings and arrows of foreign complaints ubout its commercial practices at boms and abroad. Some at boma and abroad. Some recent international negotiations, on semiconductors with the US for example, have pointed to u stiffening of Japanese attitudes.

In conventional foreign policy terms, Mr Nakasone's purpose has been to strengthen Japan's identification with the West. He would like to see Japanese par-

would like to see Japanese par-ticipatinn in the Strategic Defence Initiative (SDI) and, with an electinn mandate under his belt, can probably bring this

is belt, can probabout.

Inside the ruling party und
government, there are few
dissenters to his overall viaw
and those that harbour doubts,
like Mr Riichi Miyazawa, the
LDP executive chairman, rarely
voice them. The election also
demnnstrated minimal public
sympathy with the arguments of
the left-wing opposition parties
that Japan be more neutralist.
But, beyond the East-West
But, beyond the East-West
English below to make the bottom line surely remains the
explained endlessly, yet the bottom line surely remains the
trust that members of an
homogeneous society place in

and social woodwork. Japan's
lack of propensity to import, for
explained endlessly, yet the bottom line surely remains the
trust that members of an
homogeneous society place in LDP executive chairman, rarely voice them. The election also demnnstrated minimal public sympathy with the arguments of the left-wing opposition parties that Japan be more neutralist. But, beyond the East-West framework, Mr Nakasone has had little impact on Japanese thinking on foreign affairs, which is itself deficient in depth and understanding. There remains virtually no Japanese record for independant contributions, money apart, to that great issues of the world.

This can be explained away by the nation's history of isolation, as well as by the causes and legacy of its defeat in the Second World War, but 40 years of peace and progressive genus social relations.

Second World War, but 40 years of peace and progressive prosperity are making the excuse a little thin.

It is curinus that a nation which is itself so well mganised refuses to see that its mganisational skills and talents might well be applied nutside its borders. In this important sense, the internationalisation

dents of Japan's militaristic era and revived, with approval, the old Emperor doctrines of the turn of the century which the country's aggressive leaders

**Contents** Overview Foreign Policy Relations with South Korea Relations with Asean Overview 6/7 Investment Privatisation TRADE 10 Market Access Guidelines on how to 11 seli to the Japanese Why the US falls out 12 over semiconductors 13

Discrimination in Sport. The Arts: a lucrative market Doing business in Tokyo of Jupan remains in its infancy. On the home front, it may be that the real hattle over interna-

that the real nattle nyer interna-tionalisation has yet to be joined. There have been sub-stantial skirmishes, most nbyinusly in the financial sec-tor, in which the forces of openness have tended to prevail over those whose preference is the

those whose preference is the status quo.

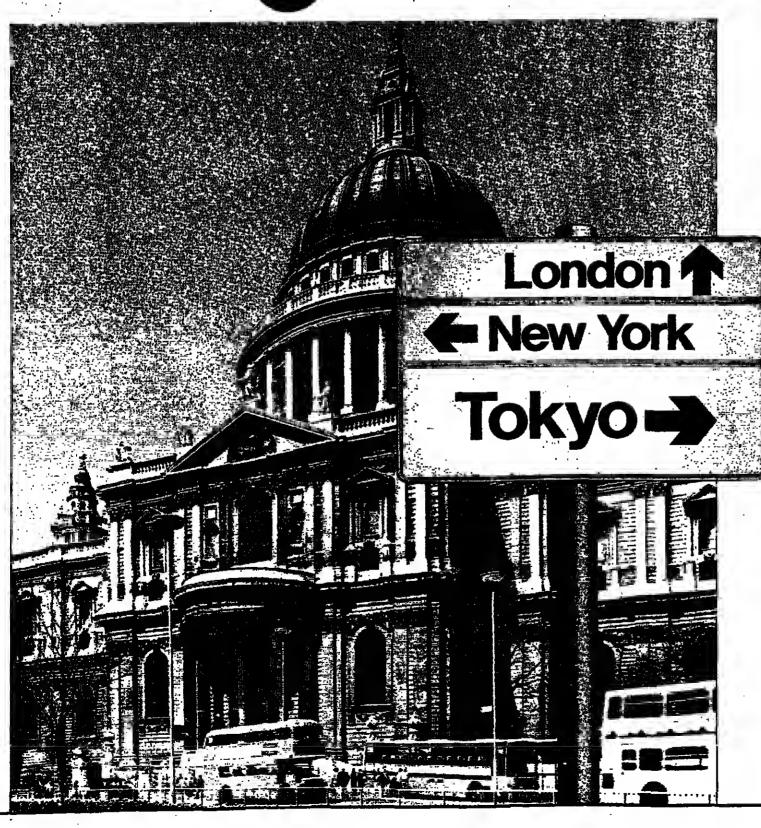
It is no exaggeration to say, as the volume of foreign financial institutions flocking to Tokyo proves, that Japan's financial markets in 1986 have developed a degree of international compatibility far beyond the most optimistic prognoses of the start of the decade. Yet they have not entirely sacrificed some of their national characteristics.

vices, but neither is necessarily inclined so to do if the result would be a clear damaging of domestic interests and indi-gennus social relations.

gennus social relations.
In any case, it should not be forgotten that there are few products that Japan does not itself make to a higher standard than those produced elsewhere in the world. The appreciation of

CONTINUED ON PAGE 3

### an of the times



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### Power base shifts from the bureaucracy

JAPAN HAS just held a general election. Not for the first time, and probably not for the last, it was conducted in a domestic vacuum. No foreign issue can be said to have intruded, unless it was, indirectly, the rising of tha

Apart from the ritual invoca-tion of foreign policy by the Prime Minister, Mr Yasuhiro Nakasone, and the equally pro-forma denunciation of his fore-ign policies by the leaders of the connection, parties, nobody opposition parties, nobody talked about the world outside

talked about the world outside Japan and Japan's place in it. This may be a little unfair to Mr Shintaro Abe, currently the country's Foreign Minister and perhaps its next Prime Minister. He did occasionally discourse on foreign policy to his constituents in deepest Yamaguchi prefecture, not so much in specifies but in pointing out that since he had been in charge of it for the last % years he was at least reasonably qualified to least reasonably qualified to take over from Mr Nakasone.

take over from Mr Nakasone.
It is axiomatic that it does not believe Japanese politicians to pay too much attention to external affairs. While the Diet is in session, MPs may have a little more licence to reflect on the wider world, but et election



Politics

Politics

The first own political careers. One of the curiosities of the Japanese system is that this Cabinet is reshuffled at least once a year, a process designed not so much to reward talent or ambition but to keep the various factions inside the LDP happy. This means that there is a supprisingly good chance that a typical rank-and-fils MP will enjoy a stint in the Cabinet, or at least a year or so as a parliamentary vice minister, a prospect that a backbench member of the British House of Common cannot reasonably entertian.

This epplies not merely to the would-be, or new representative seeking to establish himself. Even the most secure and illustrious must pay respect to this shiding rule. In the course of this alection, for example Mr Kiichi Miyazawa, executive chairman of the ruling Liberal and industry and even foreign affairs) and the prized senior party jobs. But not many fall into this category. Most clearly prefer the domestic departments of government where patronage benefiting their constituents can be most easily deployed.

mach on international issues. His response was to point to all the new business that he had helped bring to his consti-

toency.
This is reflected in the priorities that MPs themselves have for their own political careers.

Indeed, even those with their sights on the highest offices find it useful, to have served in e pork barrel ministry (agricul-ture, construction and so forth). Mr Kakuel Tanaka's legendary power base was built not so much on his period as finance minister, though this helped, but on his less visible terms with the ministries of construction and posts and telecom-munications.

munications.
The present Defence Minister, Mr Koichi Kato, is, for example, spoken of as a future Prime Minister. Partly US-educated and with his early career spent in the foreign ministry, has seems to be following in Mr Nakasone's footsteps, since the Prime Minister is the only holder of the highest office previously to have served at the defence agency.

viously to have served at the defence agency.

But Mr Rato confesses that his rural constituents would have preferred him to take a domestic ministry because the Jepanese defence establishment does not, as yet, dispense much outside business, at least not on a par with that of the US.

He will probably find it politic as to do at some stage in the next so to do at some stage in the next few years.

There are countless examples of a politician delivering the

goods to his constituency. What Mr Tanaka did for rural Niigata is well known. The island of Shikokn, with just 4m inhahisantani, with just am inami-tants, is in the process of being linked to the main island of Honshn by no fewer than three bridges; it is no coincidence that two of them start in prefec-tures represented by former prime ministers Ohira and Miki. Mr Elsaku Sato, O.S.C. also has connections, mostly commer-

rect remains on the list of protected Japanese commodities, given that it is principally grown in the constituency represented by Mr Nakasone and another former prime minister, Mr Takeo Fukuda.

A politician's identification with his constituency also means a close relationship with local business interests, who will, in any case, provide the main source of his political funds. Obviously some of these stretch beyond individual districts and are part of national pressure groups. Mr Abe, for example, has long been associated with the confectionery industry lobby. An MP may industry lobby. An MP may industry lobby and Mr Abe, for the public relationships are of the public relationships are now ceremonial. It is hard, for instance, to believe that Mr Susum Wikaido, the influential LDP vice president, takes much interest in the Japan-Paraguay friendship association, which he chairs, or that he has dellivered much to General Stroessments of recent years is that the policy implications of these domestic connections are growledged in the property of the property of the public relationships are of the public relationships are now ceremonial. It is hard, for instance, to believe that Mr Susum Wikaido, the influential LDP vice president, takes much interest in the Japan-Paraguay friendship association, which he chairs, or that he has dellivered much to General Stroessments in the Japan-Paraguay friendship association, which he chairs, or that he has dellivered much to General Stroessments in the Japan-Paraguay friendship association, which he chairs, or that he Japan-Paraguay friendship association, which he chairs, or that he Japan-Paraguay friendship association, which he chairs, or that he Japan-Paraguay friendship association, which he chairs, or that he Japan-Paraguay friendship association, which he chairs, or that he Japan-Paraguay friendship association, which he chairs, or that he Japan-Paraguay friendship association, which ladded the Japan-Paraguay friendship association, which ladded the Japan-Paraguay friends

Nor is it chance that burdock root remains on the list of protected Japanese commodities, given that it is principally grown in the constituency represented by Mr Nakasone and another former prime minister, Mr Takeo Fukuda.

Mr Eisakn Sato, O.S.C. also has connectiona, mostly commercial, with South Korea. But most of the public relationships are now ceremonial. It is hard, for instance, to believe that Mr Snsumn Nikaido, the influencial LDP vice president takes much interest in the Japan-Paragnay briendship association, which

industry lobby. An MP may the politicians, indeed represent several vested Mr Nakasone's willingness to challenge, and sometimes sub-

Roses all the way for a victorious Prime Minister Nakasone as he places the flowers on the names of elected Liberal

Democratic Party candidates at the party headquarters

greater willingness for the though the collective consciouspoliticians, representing their
interest groups, to initiate Bills, its uniqueness, the Japanese
rather than merely debate, and political system does have
invariable pass, those drafted
points of comparison with other
countries, in Europe as well as
an increasingly influential role
is being played by the LDPs ated inside Japan or outside,
being played by the LDPs ated inside Japan or outside,
and altering legislation emanating
and altering legislation emanating
the collective consciousness still remains low. For all
its uniqueness, the Japanese
political system does have
countries, in Europe as well as
the U.S. but this is not appreciated inside Japan or outside.
Moreover political debate
over external issues remains as
constricted as ever by the
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the U.S. but this is not appreciated inside Japan or outside.
Moreover political debate
over external issues remains as
constricted as ever by the
subject defence spending, the
subject defence spending the
industrial played to the played

sic example of this, but mostly it is an argument which is gainthe process is much more subtle.

Many ministers, in their brief stints in office, do not influence policy much. Neither Mr Abe nor Mr Noboru Takeshita, the Finance Minister, have in 3½ years shown much of an inclination to put distinctive stamps on their departments; if a minister serves but a year he will have little opportunity to.

It is an argument which is gaining credence, because it is directions he wants to follow. Perhaps more disturbing is the absence of discussion of stream of the LDP's Diet ranks crossing derived denunciations of it from the left.

The Democratic Socialist Party in the middle is the only party with what might be called some greater ewareness inside an original view of its own of

But, inside the Diet, there is a parliament over foreign affairs, greater willingness for the though the collective consciouspoliticians, representing their ness still remains low. For all variant of that of the LDP.

The end product, therefore, is a political system which is geared to a degree exceptional by international standards to looking after domestic con-cerns. This it does supremely well, if not always magina-tively. But to expect it to respond to, let alone anticipate, external considerations is, at this stage, probably asking too



Mr Shintaro Abe, Foreign Minister, with Mrs Thatcher during a visit to Downing Street - early this year.



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### Still much more talk than positive action

BY SOME counts, Japanese foreign policy seems to be operating quite smoothly. At a political level, relations with the United States remain good, a dialogue with the Soviet Union has been reopened after a long histus and the frictions with China, so evident last year, have at least been contained. On other levels, there is something deeply deficient in Japan's conduct of its external affairs, summed up in a chronic inability to define issues or to take even modest leadership initiatives, he the arena the Middle East, Southern Africa or the international institutions, especially the United Nations, by which Japan sets so much store.

The best explanation to the dichotomy lies in the fact that Japanese foreign policy is pegged to a number of verities. Where there is predictability—the imperative of the US alliance, for example, and the concomitant need to be at arm's length from the Soviet Union—Janan can manage its affairs Japan can manage its affairs tolerably.

tolerably.

Where there are variables—in understanding a complex Third World or in divining the shifting politics that often characterise the international institutions—Japan is found at a loss. There is another rock to fall back on, the

another rock to fall back on, the commercial imperative, but it does not always fit neatly into the picture these days.

Over the last year, with the possible exceptions of the mild Soviet rapprochement and the obligation of playing host to the summit, Japan's external energies have been most clearly applied on the multinational institutional front.

The departure first of the US

institutional front.

The departure first of the US and then of the UK from the United Nations Educational, Social and Cultural Organisation has left Japan bearing the brunt of the western effort to keep Unesco on some sort of track.

Similarly at the last UK man.



A wave from President Reagan as he arrived to see Prime Minister Nakasone at the Tokyo economic summit in May. Participants thought that Mr Nakasone performed defity as chairman but had failed to project national interests. Below: Mr Amadon Mahtar MrBow, Unesco's controversial director. Japan failed to come up with an acceptable alternative to him



European governments (not the UE) and in the Third World that Japan has taken so little interest in South Africa and has made it clear that it would only impose limited sanctions against Pretoria if others did so first.

There is frustration generally that Japan is so slow to consider increasing foreign aid, an important arm of foreign policy, as a way of discharging its international obligations.

Even this year's renewed deli-cate dance with the Soviet Union has been a circumspect Union has been a circumspect minuet, constrained by both domestic and external factors. There was no breakthrough on the disputed status of the Soviet-occupied Northern Territories, nor is there likely to be, which leaves the two nations effectively talking about only peripheral matters (such as culteral exchange agreements). It is undoubtedly true that the Soviet Union has mishandled Soviet Union has mishandled badly relations with Japan over badly relations with Japan over the years and has certainly mis-sed ont on harnessing Japan's intrinsic and eternal interest in Soviet raw materials. But the Japanese interest in breaking the Gordisn knot is, with or without the US factor, now

pomessic Japanese political
games-playing continues to
make tha Chinese connection
less trouble-free than it might
be. The latest incident—the
adoption, albeit subsequently
modified by the Education
Ministry of a history school textbook compiled by an overtly nationalist organisation—can hardly be seen as other than a gratuitous insult to Chinese sen-sibilities.

abilities.

It is a testament to the extraordinary intricacies of the Japanese system that only belatedly did the Government in Tokyo realise that it was offending Paking and was thus fureed into damage-control operations, which ought to have been unnecessary.

Tanks.

If Mr M'Bow continues in office, or if his successor is clearly chosen by him, then the cause of Unesco in western eyes will have been dealt a grievous blow. Japanese officials do not seem to know how to prevent this.

Similarly the cause of UN reform has become bogged down. The Japanese idea, of a wise men's group of persons of genuine international stature, commanded general support. But there was no real thought to the talk in Japan about the the minimum goal of protecting national commanded general support.

But there was no real thought to be commanded general support. But there was no real thought to behind the idea—of what the

### 'To open or not to open'

Indeed the election was noteworthy for the extent to which
the Government was willing to
abandon tax reform.

Japan resembles West Germany in this respect. There are
domestic considerations which
will not be abandoned overnight. In Japan's case, they
include a quasi-theological
commitment to fiscal austerity
and a chronic aversion to policy commitment to fiscal austerity and a chronic aversion to policy U-turns, combined with a preference for incremental policy anniversary of the rule of

the yen may have reduced, or climinated. Japan's relative cost advantage, but cost is by no means the only criterion that is applied in Japan.

It has, for example, been instructive that very few benefits of the higher yen have been passed on directly to the consumer has hardly complianed at all.

Thus question of priorities extends to government policymaking Japan has come under increasing pressure over the last year to stimulate internal demand and thus contribute more to world growth.

It has responded with a number of extremely finely tuned packages, the net impact of which so far has been negligible. What it has not done is to heed the macro-economic policy advice heaped on it. Indeed the election was noteworthy for the extent to which the Government was willing to

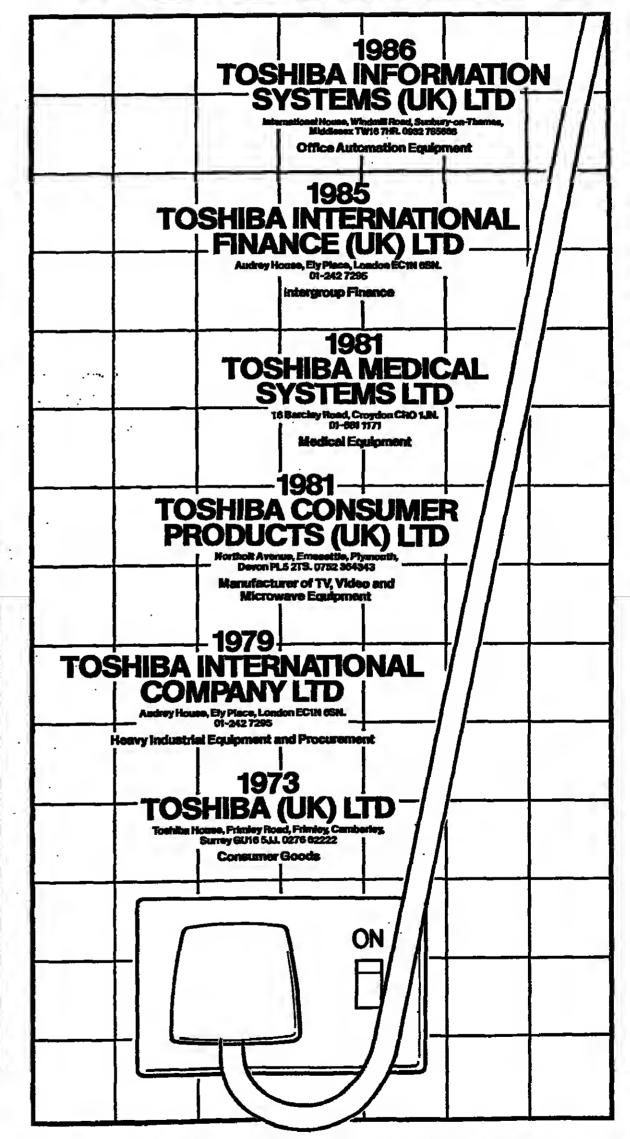
change.

External pressure would have to be screwed up a number of notches for the creed to be modified—and it might well run into the sort of resistance that the previously mentioned more assertive mood in the country might compound.

This would not merely be obduracy, because there is invariably merit in the imperial Palace

domestic ones, and it would be to point to directions where it wrong to predict that the former might, where it cannot, and will necessarily prevail in all where the balance of interests aspects. This survey is designed is in doubt.





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### Avalanche of aid requests

Why Japan's less rich neighbours in South East Asia feel that Japan is more concerned with catering to the powerful than with being kind to the poor

WHEN JAPAN agreed to lower tariffs on imported softwood plywoods, which come prin-cipally from North America, to 12.5 per cent in 1986, it reduced the tariff on hardwood plywoods, which come principally from South-East Asia, only to 17.5 or 13.5 per cent depending

When Jepan finally agreed to lower the tariff on boneless chicken, a Thai export, to 14 per cent, it lowered to 10 per cent the tariff on chicken with the bone in, which comes mainly from the US.
The better tariff treatment

accorded Jepan's developed trading pariners reinforced a strong feeling among Jepan's less rich trade pariners—that Japan is more concerned about catering to the powerful than

being kind to the powerful than being kind to the poor.

The sense of gloom in Asia ebout trade reletions with Japan bas deepened in recent years. Even though the balance of trade runs in favour of the six member nations of the Association. tion of South-East Asian Nations (Asean), bilateral trade volume between Jepan and Asean has declined from a peak of \$39.16 bn in 1961 to \$31.45 bn

Prospects for any short-term improvement in trade voinme or composition seem bleak. In past years, Asean regularly gobbled np some 10 per cent of Japan's overseas direct investment. That proportion has steadily dropped to reach e low of 7.7 per cent last year, while Japanese companies built more factories and assembly plants in Europe and North America.

Japan still purchases an enormous amount of Asean's abundant natural resources, but

dant natural resources, but to 12.1 per cent, falling as a ratio prices are dropping and Asean to the gross national product complains more and more from 0.34 per cent to 0.29 per bitterly that Japan will not aid cent.

regard Asean purely as a supBilateral aid increased by 5.3 at all, and Japan's capacity for
plier of ber raw materials and a
per cent to \$2.55bn, with bilatedumping ground for her excess ral grants increasing to 11.4 per rent annual allotments.



1980 1981 1982 1983 1984 1985 Exports to Assem 13,118 39,162 37,085 34,830 36,158 31,452 Imports from Assan 24,460 23,875 22,094 19,723 22,023 20,205

with 34.4 per cent to the Asean

It is for this reason, Japanese

officials say, that Japan's sid

say that the nations of Asia are relatively developed compared with, say African nations, and that loans are a more appropriate form of assistance for industrial or infrastructural development projects, as opposed to programmes to insure subsistance in impoverished agricultural societies.

ished agricultural societies.

This reasoning, none the less, has failed to shield Japan from

charges that it is stingy because

manufactured goods," said Mr
Tunkn Ahmed Rithandeen, the
Malaysian foreign minister.

While trade with Asean has
declined. Sino-Japanese trade
has stepped up sharply,
suddenly making China Japan's
second largest trade partner while trade with Asean has declined, Sino-Japanese trade has stepped up sharply, suddenly making China Japan's second largest trade partner after the US. Yet the Chinese are far from happy, since most of the increase came in imports of contractions and electronic of automobiles and electronic goods from Japan.

China was left with a record I ast year.

Prospects for any short-term improvement in trade voinme or composition seem bleak. In past

Some bilateral trade daficit last year. The Chinese also companies China by Japanese companies

its development efforts by purchasing manufactured goods. At the Asean foreign ministers' conference in Manila last month, the Asean ministers singled out Japan for sharp singled out Japan for sharp last month, the Asean ministers singled out Japan for sharp last month, the Asean ministers singled out Japan for sharp last month, the Asean ministers and expressed "grave" Association of capital singled ont Japan for sbarp
criticism and expressed "grave
concern" over trading trends.
"We hope that Japan doesn't

Japan's low-quality, 0.29 per cent of gross national product aid compares with much higher quality aid equivalent to 0.8 per cent in Scandinavia and the Netherlands, and 0.5 per cent in West Germany and France.

Indeed, Japan's low interest development loans, usually tied to the purchase of Japanese goods, have been roundly criticised as a form of export subsidy. Charges of kick backs to Philippine officials from Japanese companies siming to capture purchase contracts has

sullied the entire programme. When Mr Shintaro Abe, the Jepanese Foreign Minister, met with the Asean foreign minis-ters in June, he missed a chance to translate his expressed wish to extend "sincere and truly effective" co-operation with Asean. Although Mr Abe did say Japan would now consider broadening its ODA loans to the region to include local currency costs of development projects, he offered no specifics.

Japan is now being hit by an avalanche of aid requests from Asean. As the regioo's economy retrenches under the impact of falling rew material prices.

Japan is also considering loans
to beip the Philippioes close its
huge fiscal deficit, and this
would open a new type of ald
programme.

The rise of the yen bas bright-Japan's foreign aid prog-ramma began in 1958 as an extension of post-war repara-tion and remains beavily con-centrated in Asia. In 1984, 66 per cent of foreign ald went to Asia, with 244 per cent to the Assen soed prospects that the volume of direct investment in the region will pick np. Investment-related inquiries at the Assan Promotion Ceotre in Tokyo are np sharply, although it is too early to know what the results will be. Part of the problem bere lies in restrictve invest-ment laws by Asean members, programmes are dominated by low-interest loans, rether than although both Malaysia and Indooesia have receotly moved grants, as is more common with other donor countries. Officials say that the nations of Asia are

to improve conditions.

The ontlook for trade and investment in China seems rather more dim. The Chinese have found a sbort-term solution by forcing a sharp cothack in Japanese imports. That has led to a 17.8 per cent drop in Japan's exports to China in the first quarter, and an overall 12.5 per cent drop in bilateral trade. The Chinese habit of nnilaterally cancelling cootracts is unlikely to encourage Japanese companies about the ettractiveness of investing in China. If you

while the ratios for foreign aid put Japan close to, if still behind, the averages of developed nations, Japan's quality of aid is far below most add to that the geoeral gloom over access to foreign currency, and the difficulty in dealing with Chinese bureaccracy faces by all foreign investors, the chances that investment will Japan is not giving much away increase soon is remote.

Steven Butler



A teast to improving relations: Japan's Prime Minister Nakasene (left) raises his glass to South Korean President Chun Dee Hwan during a visit to Secul.

### The wounds start to heal

Mr Nakasone's historic visit to South Korea improved political relations between the two countries, in stark contrast to the periodic storms that burst out pre-

viously THE FIRST intellectual barrier to cross when looking at rela-tions between Japan and Korea is that the people of these two nations are very different. The Koreans are emotional, hot-tem-pered, aggressive and indi-vidualistic next to their more

reserved neighbours. Yet the second barrier is that these two people share a remarkable amount of culture,

language, and history.
The mixture of similarities and differences, combined with bitter resentment over Japan's colonisation of Korea earlier this century, can easily set off fireworks. Yet they also provide opportunities that can be exploited with finesse. When Prime Minister Nakasone made his visit to Seoul in 1963, he drank and sang folk songs with South Korean President Chun Doo-Hwan, touching a sym-pathetic chord that few states-

men in the world could match.

After Mr Nakasone's historic visit, political relations between these two neighbours have steadily improved. Diplomats on both sides say that relations have new become confident tions have now become cordial and relaxed, indeed they are normal and neighbourly. This is in stark contrast to the periodic storms that burst out in pre-

vions years. Some 20 years passed after the Second World War before tempers cooled enough to allow diplomatic relations to be established and a peace treaty

established and a peace treaty signed, even then at the cost of massive demonstrations in Seonl. Mindful of the delicacy of sentiment in Korea, most Japanese governments practised a kind of benign neglect. It took the outgoing Mr Nakasone to create a feeling among Koreans that their concerns were being taken seriously, and that they were finally being treated as equal. The Japanese Emperor's expression of "regret" for the past in the fall of 1984 brought the relations into a new historic period. The improved relations show in a hundred different ways. In early June, when China reised a load public cry about "distor-

lond public cry about "distor-tions" of history in Japanese textbooks, the Koreans said

situation. China and Korea are deeply angry about what they see as attempts to gloss over Japanese aggression and atrocities earlier in the century, but Korean diplomats reserved their strong

and Korea's stunning economic success, something the success, something the Japanese plainly admire. There are still major outstan-

ding issues. Korea's bilateral many of the Koreans or their trade deficit with Japan this year is expected to reach \$4.5bn, compared with \$3bn last year. A Korean diplomat says this is "unacceptable."

The ere sit sail major oungan, many of the Koreans or their parents were forcibly moved to year is expected to reach \$4.5bn, compared with \$3bn last year. A Still, even these problems, which have resisted all attempts at resolution, appear to have a sharply under the general

The sharp increase of the deficit comes in part from the rise of the Japanese yen and the short term "J curve" effects. But it also derives from a sharp rise in Korea's econoris this year.

publicly that they were merely concerned and watching the situation.

China and Korea are deeply Japan is in large part a reverse image of its surplus with tha US, which exceeded 34bo last year.

Many Korean exports to the US especially electronics, use Japanese parts and compo-

But reverse trade flows are also expected. More Japanese electronics companies are comchannels.

They may still go public if their objections go unsatisfied, but for now they feel they are being heard and they have no desire to stir up public controversy.

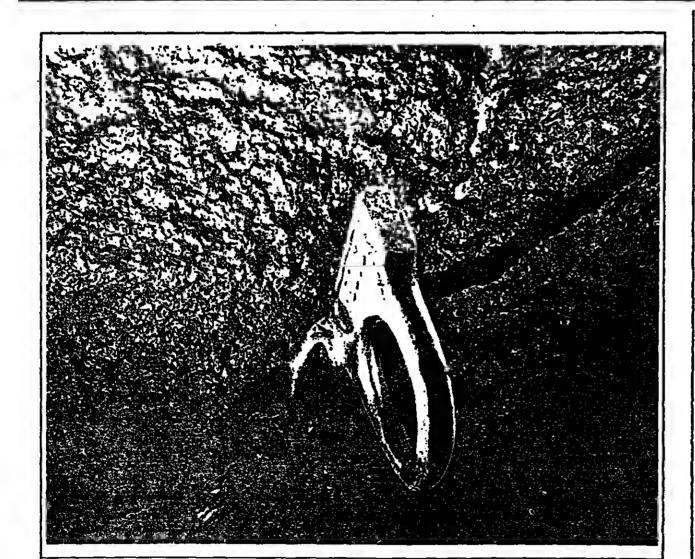
Dublic controls companies companies are companies to suppliers. Sanyo Electric in March became the first Japanese company to use Korean picture tubes for its 14-inch colour televisions.

troversy.

Public opinion polls in Japan show that the Japanese opinion of Koreans as a peopla has started to rise, a result both of improved diplomatic relations, and Korean sturning account. some MOLOU Korean nationals
who have chosen not to become
naturalised Japanese citizens
provides a perennial irritant.
Korea argues that they should
not be subject to fingerprinting,
as are other resident allens, or
barred from government jobs or public school teaching, because many of the Koreans or their

> at resolution, appear to have shrunk under the ganeral improvement in bilateral rela-tions. Unlike the past, says s Korean diplomat, relations with Japan are now marked by a "spirit of co-operation."

Steven Butler



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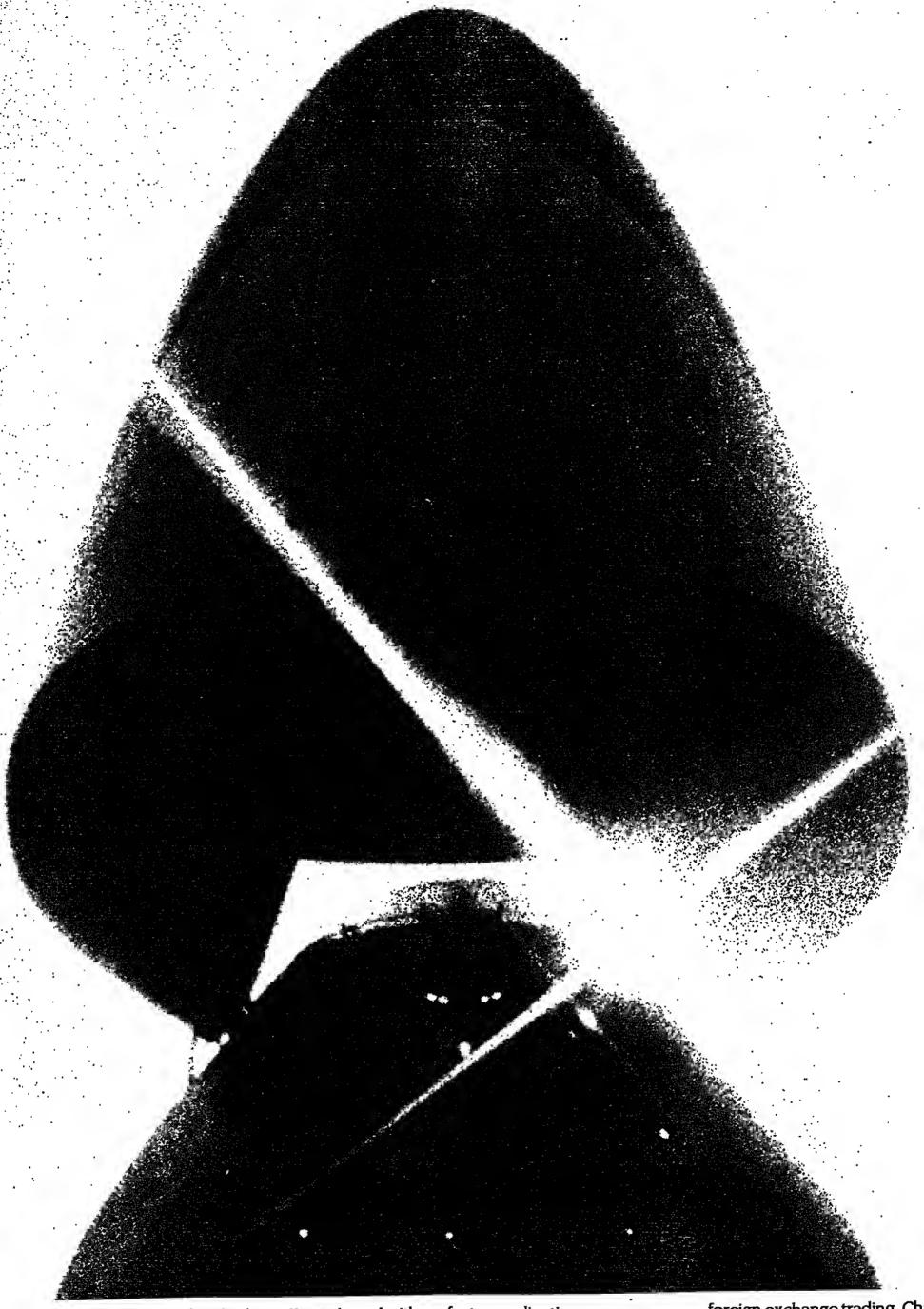
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### The yen shock may be the catalyst for change

SOME CALL it simply endaka (the high yen), others yen shokku (the yen shock) but both catchphrases encapsulate the same idea: the Japanese economy is at a fundamental and

wery abrupt turning point.

The catalyst is the 35-40 per cent appreciation in the value of the yen against the dollar since last September, which has made Ispan's expert industrial. made Jspan's export industries suddenly less competitive internationally and made cheaper imports a threat to

As a result, the country's industrial landscape is in the early stages of a dramatic change, with the death knell sounding for some labour intensive sectors and many export-orientated companies planning

orientated companies planning direct investment abroad. The day of the Japanese multinational has arrived.

This restructuring of Japan's industrial profile (into a shape many would argue is overdue for such an advanced economy) may be the most visible effect of the rising yen, but the appreciation of the currency will have much wider long-term economic and social repercussions.

and social repercussions.

For its rise intertwines—
partly cause, partly effect—with
a growing acceptance in Japan
that the export-led growth pattern of the past few years must now be replaced by expansion through the stimulation of domestic demand. And that could involve some fun-damental and contentious changes to the framework's gov-erning finance, taxation and general economic activity.

Much of the pressure for change has come from Japan's Western trading partners, con-cerned about Japan's large current account surplus (a record 3.6 per cent of Gross National Product (GNP) last year). But within the country too there has been a growing perception among policymakers that Japan's position as a major eco-Japan's position as a major economic power—it now accounts for some 10 per cent of world GNP—means that the country must show a greater international vision than in the past, seeking simultaneously to reduce the external imbalance and encourage domestic growth.

These septiments have found

expression in a series of recent

the short term, how can it square a boost to demand with its policy of fiscal austerity? And in the medium-term, to what extent is it prepared to the last three months of 1985—the first which are widely acknowledged to be remembered that be opposed by strong vested interests?

Amid all this agonising it needs to be remembered that accompany these ringing phrases with any practical suggestions for change, other than the broadest generalisations.

As a result, more cynical observers have been tempted to concluda that Japan is simply

the sharp rise of the current of the short term, how can it square a boost to demand with its square a boost to demand with its pelicy of fiscal austerity? And in the medium-term, to make attent is tip repared to the last three months of 1985—the first month

the currency, says Martin Dickson, will have much wider long-term economic and social repercussions

#### **Economy**

mr Maekawa may not have produced any earthshattering revelations, but in a country where consensus is a vital part of policy-making, it has helped create an atmosphere more concreate an aimosphere more con-ducive to change. Indeed, Mr Yasuhiro Nakasone, the Prime Minister, said when introducing the report in April that Japan was embarking on its greatest change since the Meiji restoration in the 19th century, when it first embraced industrialisa-

However, the Government's practical response to all these exhortations remains uncer-tain. It faces two dilemmas: in

doing again what it has done in the past—making soothing noises to the international community while quietly going its own way.

This time, however, the rhetoric may be for real. For one thing, the rise in the yen is pushing the economy in this direction, irrespective of government policy. For another, there appears to be a greater political commitment to restructuring.

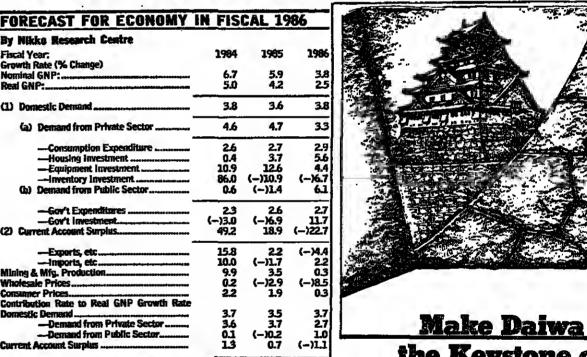
Mr Mackawa may not have produced any earthshattering revelations, but in a country

These immediste factors apart, the formidable inventiveness of Japanese exporters and the world's appetite for their goods will not change that readily. Many economists argue that the yen will have to rise substantially from the present Y160-Y170 to the dollar level to make much impact on the trade account.

and fuel account for some 70 per cent of Japan's imports. The third is the general downward treod of International Interest

part, has lowered its discount rate from 5 per cent to 3.5 per cent since January, and there is a widespread expectation that it will make a further reduction over the next few months to a post-war low of 3 per cent.

export prices) and partly to the spending through an autumn fact that commodity import supplementary budget, but prices (especially oil) have been plummeting.



(\$nn) 1985 55.1 61.6 180.9 (7.8) 119.3 (-2.4) (-)73.1 (-)18.1

1986 88.9 95.4 203.0 (12.2) 107.6

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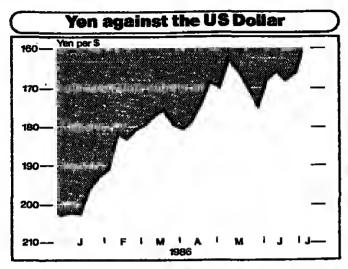
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Mr Harne Mackawa, the former Governor of the Bank of Japan, headed a commission which called for Japan to make a historic transformation in its traditional policies on economic management in which the export-led growth pattern (left) would be replaced by stimulation of domestic demand (right)

### After the

Shock of

the yen

CONTINUED FROM PREVIOUS PAGE

this year. However, the Ministry of Finance argues that this gives e misleadingly rosy view: a much larger central government deficit is at present offset by e surplus in the social security fund—a surplus which is likely to dispapear given the rapid ageing of the Jepanese population. (Those over 65 are expected to rise from 9 per cent.

So the emphasis within the overali, ratio of central government defit to GNP remains high by international standards, at 50 per cent.

So the emphasis within the Government for central government (as, well, as the disaekawa commission and the state of spending but on longer term reforms to the economic and financial framework with the entire than consumer last year the than consume: last year rether than consume: last year the rether consumption.

One central issue is reform of the tax system, which is generally accepted to be anachronistic. It includes extremely progressive rates of income tax (which have helped propensity to saver score the ratio of personal savings to income was nearly 17.5 per cent. It is widely accepted that Japan needs a less progressive income was nearly 17.5 per cent. It is widely accepted that a swels; and the above the OECD average. It is widely accepted that the ratio of personal savings to income at the ratio of personal savings to income was nearly 17.5 per cent. It is widely accepted that a swels; and the above the OECD average. It is widely accepted that the ratio of personal savings to income was nearly 17.5 per cent. It is widely accepted to be anachronistic. It includes a less progressive income was nearly 17.5 per cent. It is widely accepted to be anachronistic. It includes a less progressive income was nearly 17.5 per cent. It is widely accepted to b

- RANGE CONTRACTOR

Keldanren employers' organisa-ton) is not so much on additional state spending but on longer-term reforms to the economic and financial framework with

Jepanese population. And this helped reinforce Japan's remarkshle propensity to save rather than consume: last year the ratio of personal savings to income was nearly 17.5 per cent, far ebove the OECD average. It is widely accepted that Japan needs a less progressive income tax regime and the abolition of incentives to small savers, together with e move frowards indirect taxation to

In the short term, the currency eppreciation has meant sharply reduced profits. In the year to March a cross section of manufacturing companies surveyed by the Wako Research Institute recorded an average 25 per cent pre-tax profits drop, with higher figures in the electronics sector. For example, Japan Victor Company, the consumer electronics business, reported a 54 per cent drop. For large companies this downturn is bearable, since they posted record profits in the previous two years. But smaller exporters, have, been hit hard.

So too have industries that So too have industries that

To take just one example, Korean hot-rolled steel coil is selling in Japan now for Y62,000 a ton, against e Japanese price of Y72,000. All this has two major-

Some electronics manufacturers are already sourcing all their manufacture of cheap goods to Hong Kong and Singapore. Many other companies are squeezing the myriad number of small Japanese companies which have traditionally supplied their components and now face sharply lower profits or extinction.

tion by manufacturing industries was just 2 per cent, but about one fifth of compenies expected to be producing more than 20 per cent of their goods overseas in 10 years time.

Some electronics manufacturers are already sourcing all their manufacture of cheap goods to Hong Kong and Singapore. Many other companies are squeezing the myriad number of companies are squeezing the myr

The result is expected to be rising unemployment. There has already been an increase, with the total reaching 2.9 per cent of the labour force in April, np from 2.5 per cent a year earlier. Some economists are predicting e gradual rise to about 5 per cent—low by recent Western standards but high for a country where a sense of community is such a vital part of national life.

Second World War, the Japanese are now placing grea-ter emphasis on the quality of their lives and environment.

There are calls for better housing, a reduction in working hours (many people still work a six-day week), for greater social amenities and improvements in the infrastructure (the smell from an inadequate sewage system assaults the postrils in even the best-heeled areas of Tokyo).

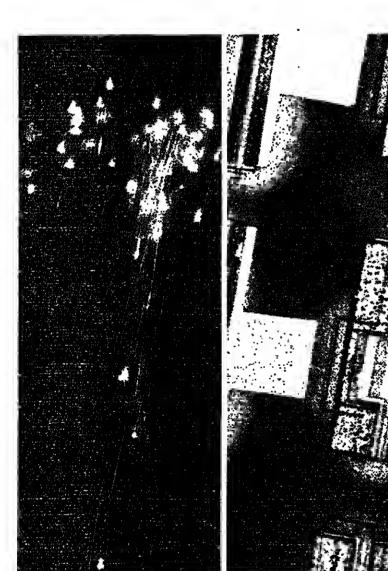
Korean hot-rolled steel coil is selling in Japan now for Y62,000 a ton, against e Japanese price of Y72,000.

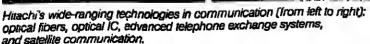
All this has two major-implications. First, Jepanese industry will switch increasingly out of labour intersive, smokestack industries into higher value added ones employing fewer staff.

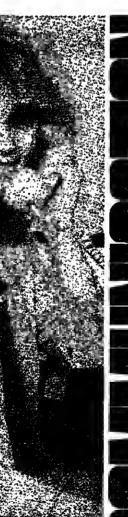
Second, there will be e hig move to direct investment abroad. A recent report by the Ministry of Trade and Industry (MITT) estimated that the current ratio of overseas produc-implications of the interest of the labour force in April, approach the total reaching 2.9 per cent of the labour force in April, approach the total reaching 2.9 per cent of the labour force in April, approach the total reaching 2.9 per cent of the labour force in April, approach the total reaching 2.9 per cent of the labour force in April, approach the total reaching 2.9 per cent of the labour force in April, approach the total reaching 2.9 per cent of the labour force in April, approach the total reaching 2.9 per cent of the labour force in April, approach the total reaching 2.9 per cent of the labour force in April, approach the total reaching 2.9 per cent of the labour force in April, approach the total reaching 2.9 per cent of the labour force in April, approach the total reaching 2.9 per cent of the labour force in April, approach the total reaching 2.9 per cent of the labour force in April, approach the total reaching 2.9 per cent of the labour force in April, approach the total reaching 2.9 per cent of the labour force in April, approach the total reaching 2.9 per cent of the labour force in April, approach the total reaching 2.9 per cent of the labour force and total reaching 2.9 per cent of the labour force and per cent of the labour force and per cent of the labour force and per cent of the value and the export of per cent of the labour force and the form of the way with corrections to the imbalance way the economic framework has developed over manily is such a vital part of national life.

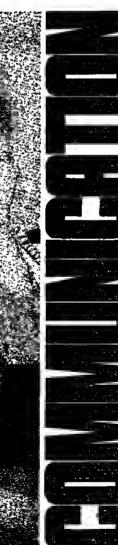
At the same time, however, approach the form th

#### Communication is not simply sending a message...it is creating true understanding—swiftly, clearly and precisely.









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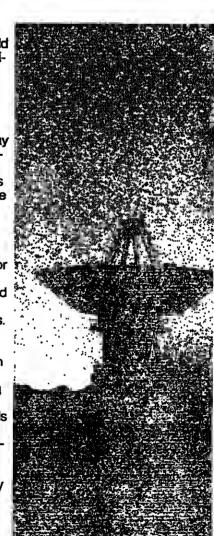
For example, we've made tremendous progress on a system to translate Japanese into English.

This system can be used to translate various scientific/technical papers and mechinery/equipment manuals. Special "glossaries" can be developed to adapt it for fields es diverse as medicine, electronics and aeronautics. Further development could lead to automatic telephone translation or even portable verbal translators for travelers.

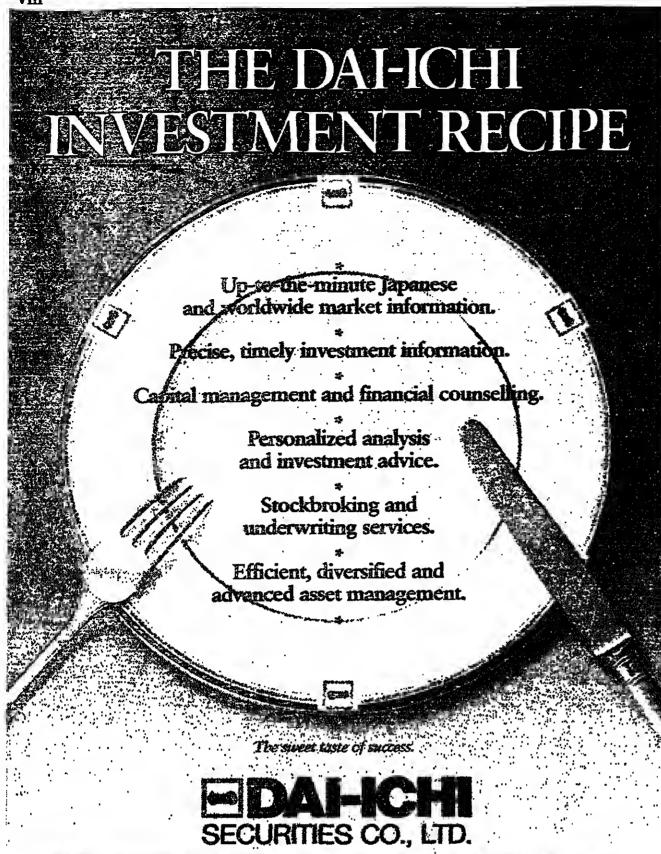
In addition to the machine translation system, Hitachi's research specialists are also developing edvanced trensmission systems that send your phone calls or business data across great distances using hair-thin optical fibers and laser beams. They are also working on other new methods of communications, such as advanced telephone exchange systems, satellite communication systems, TV conferences, end so forth.

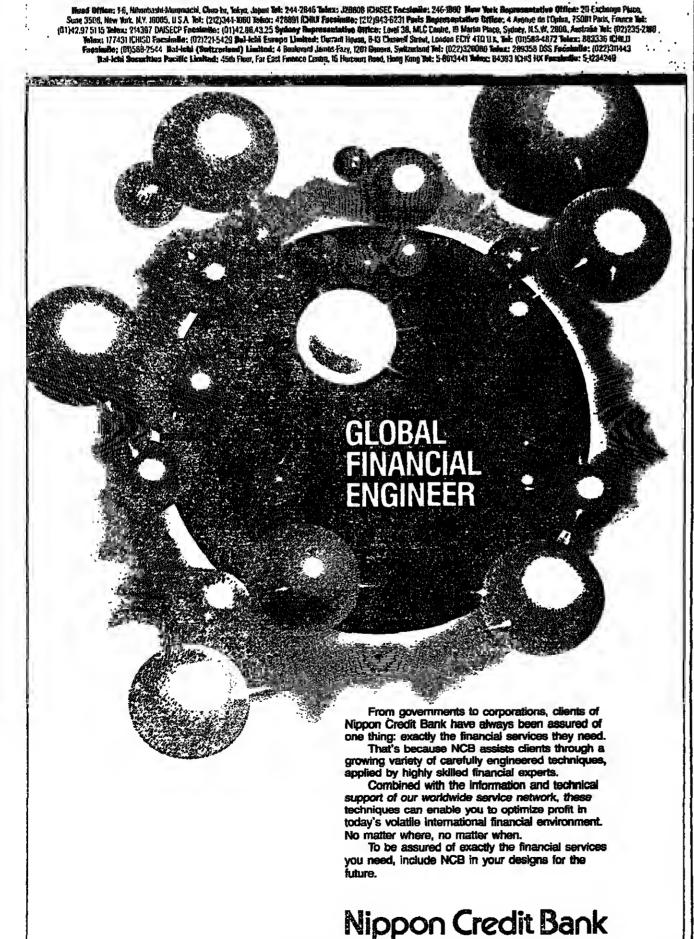
At the root of much of this is our highly advanced computer technology: because Hitachi is producing some of the fastest, largest-capacity systems available today.

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Tekyo's ambitions to become the third leg in a global financial trading network, along with London and New York, have made such financial institutions as the Tokyo Stock Exchange (above) a magnet for foreign houses

Investment

### The foreigners move in

THE TOKYO investment community has never seen anything like it Suddenly the Japanese capital seems to have been invaded by virtually all the world's significant investment banks, vacuuming up staff and sending salaries rocketing, though not yet to the giddy levels of London and New York.

The liberalisation financial framework set in financial framework set in motion some two years ago has made Tokyo a magnet for foreign houses as it prepares to become—according to conventional wisdom—the third leg in a global financial trading network, along with London and New York.

The Japanese capital markets still have a lot of liberalising to do before they can really be set alongside their British and US counterparts, but the hlossomcounterparts, not the mossom-ing of the past two years is none, the less remarkable, given how long the country had clung to the inflexible, inward-looking financial system that rehuilt the economy after the Second World War and had little room for foreigners.

However, those attitudes have had to change in a world where Japan has become the largest creditor nation: Japan's net copital outflow last year surged to \$50hn and total foreign assets at the year end totalled \$129.8bn, np 73 per cent on the previous year.

The changes in the regulatory framework took off partly in response to international pressure, particularly from the US, which was concerned about the then yen/dollar exchange rate, the lack of sympathetic move-ment in Japanese markets to the very limited use of the Japanese currency international markets.

Meanwhile, the growing inter-dependance of the world's securities markets led to an insistence by Western financial organisations on reciprocal concessions in Tokyo to any granted to Japanese houses in London

But the spate of liberalisation neasures still has a considermeasures still has a considerable way to go and three impor-tant questions have yet to be answered: How far and how fast will the Japanese be prepared to go to dismantle the remaining inflexibilities? To what extent will they be prepared to lower the barriers dividing their domestic fluencial institutions? And just how moch of an impact will the foreign houses now pil-ing into Tokyo make in competi-tion with their large local

Moves to date include the Moves to date include the liberalisation of foreign exchange transactions and a start on the lifting of interest rate ceilings, initially on larger deposits, with smaller ones supposed to follow later; deregulation of the money and capital markets, including an easing of restrictions on the issue of certificates of deposit; the introduction of money market certificates; the creation of o yen denominated bankers' yen denominated bankers acceptance market and partial liberalisation of the Euroyen market; concessions to foreign security houses, including, for a priviledged half dozen, priviledged half dozen, membership of the Tokyo Stock

But the pace of change is not fast enough for some Western banking critics. "The Jepanese seem to try hard. But when the result arrives it is often not what the Western ear has heard," says Mr Paul Hofer, first rice partidest and manager. vice president and manager of Credit Suisse in Tokyo.

One of the major problem areas is the continuing controls on interest rates under Japan's post office savings system, which also gives small investors tax concessions on their deposits. An adequate shortterm money market cannot emerge while interest rates are rigged, and Tokyo has yet to establish a Japanese treasury bill market. A commercial paper market is also some way

Although a year old, the bank-ers' acceptance market has ful and there are fears that regulatory restraints may heve a similar effect on the Tokyo offshore market doe to be estab-

lished this autumn.
But for all these complaints,

the foreign houses have been allowed to breach some of tha barriers which still separate the country's domestic financial institutions.

When the Government restruc-tered the national banking sys-tem after the Second World War ti dopted the principle of spe-cialisation, with different types of institution occupying pro-tected market niches. In view of the then capital shortage, a distinction was drawn between long-term credit banks, offering long-dated debentures, and commercial banks (known in Japan as city banks) operating at the short and of the market under a system of regulated inerest rates.

foreign banks is growth in the securities business, corporate finance and fund management finance and fund management rather than traditional commer-cial banking, where their fin-gers have been burnt in a strug-gla with low cost Japanese banks for a share of a shrinking loan market, as the national preference has switched towards securities as a financial instrument.

But how strongly will the foreigners be ahla to compete with the Jopanese houses, led by Nomura Securities, which last year enjoyed profits of \$1.2bm-more than any of the Japanese hapks?

\$1.2bn—more than any of the Japanese banks?
Tha leading foreign players in Tokyo all profess confidence that there is enough business to go round. Others are more sceptical. Mr George Curuht, of International Business Information, a Tokyo-based financial services management conwith Japan awash with capital, the distincton is no longer particularly valid. The city international Business Information, a Tokyo-based financial ger end of the market while the credit banks have been going offshore in search of husiness, becoming particularly active in the Eurobond market.

> rill Lynch, Vickers da Costa (now a Citicorp subsidiary), Jardine Fleming, Morgan Stanley, Goldman Sachs and S. G. War-

> burg. Four other foreign appli-cants were denied seats, which

went to Japanese houses.

Membership does not come cheap, at more than Yibn plus a

cheap, at more than Ylbn plus a host of start-up costs, and one of the main advantages is intangible: a seat is very important for a firm's prestige, giving an air of belonging, with a long-term commitment to the country. That matters in Japan.

Another advantage is that being in the second tier of foreign brokerage house

those with Tokyo branches— means having to pay stock exchange members 27 per cent of commission for executing

A major priority for houses seeking to sell foreign securities into the Japanese market will be a strengthening of their local distribution networks, and this is likely to favour firms which already have

a reasonable client list. A strong research capability A strong research capability— both in the Japanese market for sales abroad, and in Western markets for sales to Japanese clients—is perhaps the greatest advantage the foreign houses have as they take on the local opposition. There is at present little tradition of technical research in the Japanese hrok-ing houses. "Our strength," save ing houses. "Our strength," says one foreign banker, " is that we see the world through bine

As a result, many foreign houses see investment odvice or discretionary fund management discretionary fund management (the two are separate activities in Japan) as areas with great potential. But the Japanese opposition is only too well aware of this, and will be trying to catch np fast. "We have a two-year window of opportunity to show what we can do," says one UK investment advisor.

UK investment adviser.
Foreigners cannot hope to get much domestic Japanese port-folio investment, given the close ties that exist between Japanese industrial and financial services companies. But they can hope to pick op a sizeable slice of overseas action if the Japanese investors start switching parts of their port-folio out of US Government bonds and into American and

European equities.

The trust banks and life insurance companies, significantly, have just been allowed to invest up to 25 per cent of their funds abroad, as against 10 per cent

officially before.

Another area in which the foreign houses see substantial growth is international mergers and acquisitions, as Japanese companies move towards direct overseas investment in the wake

overseas investment in the wake of the yen's appreciation.

However, the supposedly rich pickings offered by the opening up of the Japanese market could prove hard to come by, and require a great deal of patience.

Apart from the formidable competition of the local houses, the Japanese capital markets. competition of the local houses, the Japanese capital markets remain—despite liberalisation—hedged around with regulatory and practical constraints: for example, over half the Stock Exchange's transactions are made on a physical delivery hasis, and there are no signs of an early end to mini-

In a major recent study on world financial markets in 1995, world financial markets in 1995,
Nomura Research Institute
warned that Japan still needed
"a radical and complete revolution in thinking" if it was to
fulfil the functions of an
international financial centre.
A world of effortless and transparent 24-hour equity trading still seems some way off.

Martin Dickson

## US & billion

Direct foreign investment

in which there is strong Japanese interest.—US Govern-ment bonds and the Euromar-The official barrier between The official barrier between the two is expected to fall before long, and will probably be followed by another post-war distinction, that between the city banks and Japan's seven trust banks. The latter have a wida range of asset manage-ment activities, the most impor-tant of which is running pension funds which is developing into "A lot of people are trying to put on fashionable financial clothing hot their competition is clothing hot their competition is only skin deep," he warns. Some of the strongest com-petition should come from the six broking houses which have just become the first foreigners to be granted membership of the Tokyo Stock Exchange: Mertant of which is running pension funds, which is developing into an immensely important growth area. Japan's pension funds now contain over Y20bn, a figure which could grow three or four-fold by the end of the century.

The division between these two has already been blurred by the Government's recent admission of nine foreign banks to trust bank status. This has annoyed the city banks which are keen to get into this lucrative area. At present they are enjoying few benefits from liberalisation, merely seeing margins squeezed by higher-funding costs.

A third barrier is that between banks and securities businesses, enshrined in Jepan'a "Article 65," which is modelled on the US Glass-Steagall Act. Although expected to remain broadly in force, this burdle may be lowered over the next few years.

Once again, concessions to foreign houses have already made some breaches in it. The Government recently activated a clause in a 1971 law that permits non-Japanese banks to own up to 50 per cent of a securities house. A substantial number house. A substantial number are now taking advantage of this, leaving the remaining 50 per cent stake in friendly hands. Deutsche Bank, for example, has placed half the equity of its securities' offshoot with Bayer and Siemens.

This again has annoyed the Japanese city banks, which are forbidden from owning more than 5 per cent of a broker.

houses, for their part, complain that the regulations which put foreign exchange dealings on the banking side of the divide puts them at a competitive disadvantage in a world of complicated currency swaps.

The anomalies of the present situation are summed up by the case of Citicorp, the US bank. which is now simultaneously s commercial benk in Jepan, a trust bank and a securities firm. Britain's Barclays could follow

suit soon.
The main focus for all the

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**Privatisation** 

### State edges out of the big four

Nippon Telegraph and Telephone (NTT), Japan Telephone (NTT), Japan National Refl-ways (INR) and Japan Air Lines (JAL). (see page 16)
The programme has the strong personal backing of Mr Yasuhire Nakasone, the Prime Minister, and the methyding forces are and the metivating forces are similar to those behind privatisation programmes in other countries around the

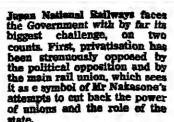
controls, making them more efficient and subject to greate competition. Despite Japan's general reputation for indust

—notably the reliways—have unusually militant labour for At the same time, the sale proceeds should be a helpful addition to government funds in receeds assured in the second in the second in the second in the bedget

If the sim of the programme is familiar in the West, some of the means by which it is being implemented will not be. In plemented will no see a riteriar, the Government is langing the legal status of the suprantes to place them.

communes to purce them theoretically in the private sector without simultaneously officing shares in them to the public, or necessarily setting a timetable for this, At least one corporation—the railways—in likely to remain in this limbe— land for several years to come, While the overall thrust of policy is the same for all four, their particular circumstances

Martin Dickson



of unions and the role of the state.

Second, despite its technical excellence and good service, JNR has been a chronic losamaker for two decades. "It's immensely efficient but a fiscal black hole," says one economist. In the year to last March alone it lost Y1.850hm (£7.5hm). In its present form, and with its current accumulated liabilities of Y37,300hm, it stands little chance of attracting any private investment.

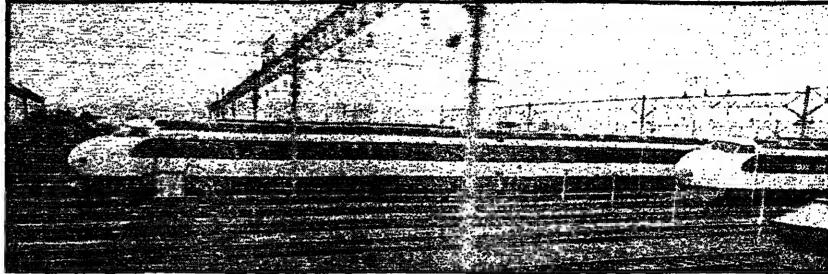
investment.

The reasons for such startling losses include the political pressures of state ownership, which has made it difficult to shut down severely unprofiteble routes, competition from air and road transport, and overstaffing, due in part to the strength of the National Railway Workers Union, one of the most militant labour organisations in the country.

Mr Nakasone has made clear that he attaches great importance to sorting out the railways and it is a most point whether he regards privatisation of JNR as primarily an excuse for

he regards privatisation of JNR as primarily an excuse for severe rationalisation or as an end in itself. Whatever the case, the supposed transfer of the railways to private ownership entails a drastic and extremely complicated carve-up of the system and heavy joh losses.

JNR is being divided into seven separate operating companies. There will be six regional passenger railways (three on the heavily populated island



The builet train in action. Despite technical excellence and good service INR has been a chronic lossmaker for two decades

### Filling in operation for a fiscal black hole

of Honshu and one each for Hokkaido, Shikoku and Kyushu) and a national freight service. and a national freight service. However, several residual bodies will remain in state hands: research will be grouped in one and telecommunications in another. A third will own the system of high speed "bullet" trans (Shikansen) which are one of JNR's glories, and rent out their assets to the operating companies. A fourth residual body, a "rump" JNR, will take on much of the railway's accumulated debts and this the Government will presumably Government will presumably have to write off.



JNR estimates that some 93,000 of its staff of 278,000 will 93,000 of its staff of 278,000 will be surplus to requirements when the reorganisation comes into force, which is scheduled for April 1 next year. The way in which they will be redeployed gives an insight into the Jepacese ability for group

About 32,000 will have to be absorbed by the seven new companies, while a further 20,000 will be shed through voluntary retirement. The "rump" JNR will initially take on the remainder and will arrange to deploy them elsewhere in the economy, through retraining and their absorption by central and local government and private industry. The Railway Workers Union has recently been showing greater signs of flexibility towards the scheme.

reallocation of JNR's dabts. The three companies serving the onter islands, with fewer opportunities for profit, will go independent without any hangover of liabilities, while the Honshn ones and the freight system will deemed to be a manageable yield.

The "rump" JNR will take on the rest, and then start reducing it through the sale of stock and of land surplus to requirements the scheme.

The shake np will also involve the closure of numerous small, chronic sbortage of building loss-making routes and a major land). But that will still leave

of land surplus to requirements (a reallocation of resources which could belp alleviate the

the Government with an esti-mated Y16.7bn of liabilities. JNR estimates that the new companies will be modestly procompanies will be modestly pro-fitable in their first year of operation. Although legally in the private sector from April, their shares will not be offered to the public until they have shown they can sustain pro-fitability, and that may take

some years. In the interim, the Government will retain 100 per cent ownership, and it must remain open to question just bow free a hand the management will

### Clearing the lines

Nippon Telegraph and Tele-phone. The far-reaching shake-up taking place in the Japanese telecommunications industry telecommunications industry has parallels with those occur ring in Britain. Japan is privatising its domestic telecommunications corporation (NTI) as the UK has done with

Like the UK, it is removing the monopoly powers formerly enjoyed by the state-owned corporation. The belief is that this more competitive environment should encourage greater technical innovation at a time when the world is being reshaped by the interaction of telecommunications

information technology.

To encourage competition in
Japan, the Government has ereated two categories of company which can provide telecom-munications services. Class one carriers, such as NTT, own their own circuits, but class two ones do not. The result looks like being strong competition for

So far three companies have obtained approval to become class one terrestial long line carriers—the Kyocera indust-

National Railways, and another company related to the Ministry of Construction.

Several power utilities are also looking at the possibilities, while other companies—including Mitsui and Mitsubishi—are examining networks relying on satellites. As for class two carriers, about 10 groups are interested in setting up national networks and about 50 are considering local ones.

Until aow it has not been allowed to invest in subsidiaries to expand into parliament businesses, while parliament increases (the Ministry of Posts will keep a check on prices after privatisation). It has also had to approve its tariff increases (the Ministry of Posts will keep a check on prices after privatisation). It has also had to approve its tariff increases (the Ministry of Posts will keep a check on prices after privatisation). It has also had to approve a strainff increases (the Ministry of Posts will keep a check on prices after privatisation). It has also had to approve and the parliament increases (the Ministry of Posts will keep a check on prices after privatisation). It has also had to approve after privatisation. It has also had to approve after privatisation. It has also had to approve after privatisation of the ministry of Posts will keep a check on prices after privatisation. It has also had to approve a check on prices after privatisation. It has also had to approve a check on prices after privatisation and the privatis

It has yet to negotiate with on the way.

them over rates, and these dis-cussions could prove difficult. Those services are likely to start just around the time the Government will be offering a first trancha of NTT shares to the public. NTT has been a private entity in legal terms since April of last year but the Government still holds 100 per cent of its stock.

It is expected to sell this off in tranches—12 per cent a year for five years is one possibility— though it will always retain 30 per cent of equity and no fore-igner will be allowed to buy any

shares.

NTT, which made a pre-tax profit last year of Y316bn on turnover of Y5,081bn, argues that privatisation will bring advantages as well as fierce competition, since it will free it from government restrictions on

with the railways and tobacco interested in setting up national networks and about 50 are considering local ones.

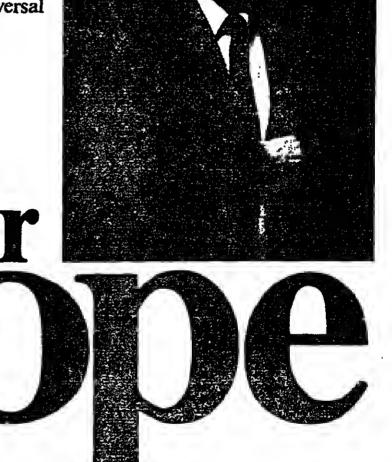
"There is going to be fierce competition," says Mr Haruo Yamaguchi, an executive vice president of NTT.

The first three class one operators are expected to begin operations this autumn in the industrial heartland stretching from Tokyo to Osaka, serving mainly business customers. NTT, which is obliged by law to connect them to subscribers, are simply "skinzming the cream" by concentrating on this area.

It has yet to negotiate with the competitive new environment should also put local suppliers of equipment on their tosa and could lead the Japanese to source more of their equipment shroad. NTT is said to have been practising a non-discriminatory procurement policy since 1981, buying abroad when a supplier can match on price and quality.

A number of orders have been placed abroad since then, the biggest being e \$250m contract with Northern Telecom of Canada for digital switches. However, the US Government seems confident that e substantial number of other orders are on the way.

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#### Smokescreen of liberalisation

Japan Tobacco Inc is the country's monopoly tobacco manufacturer and its dominant position has long been a source of criticism from rival American companies and US trade offi-cials complaining that they have been restricted from attacking the buge Japanese market (310.7bn cigarettes were sold in

Last year the Government moved to introduce a little more freedom into the framework under which the industry oper-ates. However, the practical impact of its legislation has been marginal and, in the view of some cynical foreign obser-vers was always designed to be

First, it legally transferred JTI from state ownership to the private sector. But since 100 per cent of the shares remain in government hands and no date bas been set for any sale, the change of status means little. In any initial offering, less than one third of the shares will be sold to the private sector and the Government will always the government will be government will be government will always the government will be gove

Second, it removed JTT's monopoly on the distribution of cigarettes. Foreign manufacturers, who formerly bad to distribute their products through JTI, could now set up their own net-



works. However, since JTI has over \$7 per cent of the market, the foreigners say they have had great difficulty getting independent distributors interested.

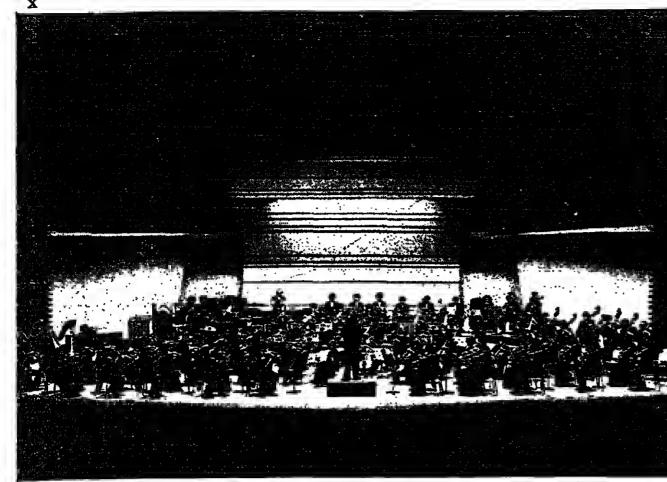
Mr Guy Aelvot, president of Philip Morris Asia, which has about 75 per cent of the foreigners' market share, says "privatisation of distribution is not really liberalisation."

The Americans wanted JTI to be stripped of its domestic manufacturing monopoly, arguing that this allowed it sub-

any initial offering, less than one third of the shares will be sold to the private sector and the Government will always retain more than 50 per cent of the equity.

Second 10 1000 tobacco farmers, who form an important element within the rural pressure groups that back the ruling Liberal Democratic Party, JTI-which made Y24.6bn of after-tax profits last year from tobacco.

#### JAPAN 10



### Keeping Our Eyes and Ears Open

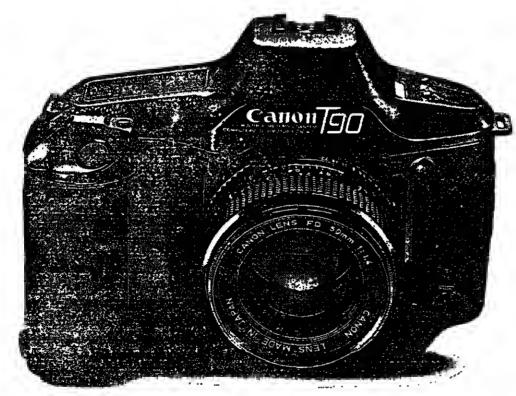
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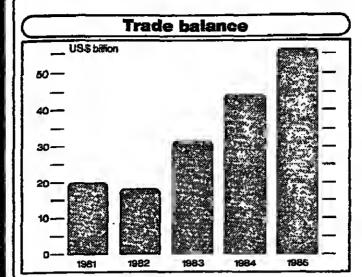


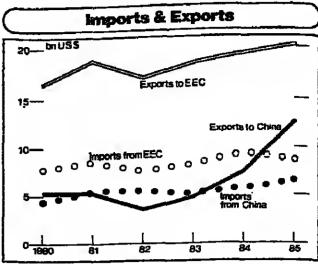
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### Imbalance at crisis level

FOR THE amateur historians among us, it is enticingly simple to conclude that in 40 years of peace Japan has finally to conclude that in 40 years of peace Japan has finally achieved the worldwide economic domination that eluded it during war. This it has done virtually without an army and with e fuzzy, retiring foreign diplomacy that is almost quaint in the modern world.

Japan now has access to apparently unlimited raw material and energy supplies at near give-eway prices. Even the devoloped world bas been made to feet sickeningly like a colo-

devoloped world bas been made to feet sickeningly like a colonial subject. Europe and North America plead with Japan to correct trade imbalances by asking Japan to buy more grapefruits, wine, and tumber. The Jepanese buy more US real estate, a bargain by Japanese standards, and US taxpayers' money begins to flow across the Pacific as the Jepanese bold an increasingly large portfolio of US Government debt.

Manufactured products? Japan makes just ebout all its

Japan makes just ebout all its needs, with enviable efficiency and high quality, thank you.

Soma 70 per cent of Japan's imports consist of raw materials and fuels. A full 96 per cent of exports are manufactured items, with 70 per cent of all exports consisting of machinery and industrial equipment. Once upon a time, just o few years ago, Japan's answars to

years ago, Japan's answars to
the cries of its trading partners
had a ring of plausibility to
them. Lacking raw materials,
Japan naturally ran large trade
deficits with the resource-rich
nations, and large surpluses.
with the developed world.
Do not look at the bilateral
balances, Japanese diplomats
argued, look of worldwide
balances. And when the trada
account began to show
unacceptable surpluses, they
said, look at the current

said. look at the current on average) and markets open; foreign companies just were not trying hard enough. The current balanco began to

get out of hand in 1983, when it hit \$20.8bn, and last year the trade balance hit an unpre-cedanted \$46bn, while the cur-rent balance swelled to \$49.2bn. rent balance swelled to \$49.2bn.
Only the relative efficiency of the movement of international capital has prevented these staggering imbalances from already swamping the ship of world trade. As the US current account and budget deficits soared, the Jopanese have just as quickly put np the financial backing by purchasing billions of dollars of US Treasury bills. The profits from these investments have then come back to worsen the current account sur-

worsen the current account sur-plus by reducing Jepan's chro-nic invisible trade deficit. The issue in the meantime has moved far beyond the question of whether Jopan trades fairly, as many Japanese continue to maintain, but whether the huge be e sharp rise in dollar prices,

The conclusion is decidedly yes, and the realisation of impending crists over the past year has begun to filter down ever so slowly and produce what many observers see as the first hint of significant action inside every day a major Japanese manufacturing company reports a decline in earnings due to the higher valuation of the yen. Most exports are priced in dollars, and the manufacturers are getting fewer yen. Still the declines come after two years of

Japanese policy-makers now chime together in full harmony obout the need to change Japan's trade relations with the world, to change its role as a baseline of the change its role as a beneficiary of the world trade system, to a contributor to world apparently, on the need for Japan to import more, export less, and to stoke the engines of growth by stimulating domestic

The first, and possibly the most important element of this change, was the co-ordinated

trade imbalances threaten the very foundations of the world Japanese exports are. Nearly trading system.

dollars, and the manufacturers are getting fewer yen. Still the declines come after two years of record profits for Japanese companies, and they cloarly have plemty of fat to burn through.

Exports now account for more than for more

than 50 per cent of the business of Jopan's precision instrument. automobile, and bome electric appliance manufacturers. Companies like Sony, Hitachi, Nissit by and watch their market share decline. A lifetime Across the board, companies have resisted raising prices to

#### Trade

industrialised nations to push up the value of the yen. "If we can maintain the high value of the yen for three years," says e senior Japanese official, " there will be a substantial restructur-ing of the Japanese economy."

The yen has now risen by about 40 per cent against the US dollar (far more modestly against European currencies),

and the early effects are just as predicted. Riding the now-famous "J" curve, the trade

ptus rose by 50 per cent to reach Y2,333bn.

international fall of energy and raw materials prices.

Imports by volume rose by 3.6 per cent in the first quarter; they rose by 1.7 per cent in dollar terms, yet fell by 23.9 per cent when converted to yen values.

None the less, the effects of the higher world-wide price of Jopanese goods is beginning to

Jopanese goods is beginning to tell. Exports in dollar terms rose by 18.2 per cent in the first quarter. Yet volume was flat, and value fell by 12.3 per cent in yeu harms.

san and Toyota cannot simply

Huge trade surpluses, exacerbated by cheap energy prices, have made even the developed world feel

#### akin to a colonial subject

decision by the Group of Five

Japan's trade surplus in the first quarter more than doubled compared with the same period of the previous year to reach \$12.46bn; in yen terms, the sur-

YZXXXIDE.

The failure of the trado balance to improve even in yen terms is due in part to the international fall of energy and

compensate for the rising yen, and what is emerging may be a leaner, but indeed highly com-petitive beast. Witness the 90 per cent surge of Japanese vehi-cle exports to the EEC so far this year. What is good for Japan as e nation, may not work for its leading companies.

Japanese manufacturers have established a firm international reputation for high quality and innovativeness across a range of products from consumer electronics and entomobiles to machinery and industrial equipment. They established those markets during an era when the cheap yen gave them an obvious price advantage.

They are unlikely to be pushed from well-established positions, particularly at the quality end, simply due to price increases. In many cases, Jopanese companies have already smashed the competition

That revaluation of the yen alone will not right the problem that has become part of the stock wisdom of Japanese officialdom, and there are encouraging trends in other areas. Jepanese direct foreign investment overseas has been one standy increase. on e steady increase.

on e steady increase.

The largest area of increase in recent years has been in Europe and the US, where the Jopanese have set np assembly operations for automobiles and consumer electronics both to avoid protectionist barriers and to be closer to the markets.

With the rise of the year these With the rise of the yen, these

far more price competitive A Nissan official recently enter-tained the notion that it might be profitable to import a US-manufactured Nissan car into

More to the point o string of

Jopanese companies have recently announced plans to recently amounced plants in South-East Asia, particularly in Singapore and Malaysia, not just to service local markets, as in the past, but to export finished and semi-finished goods to Japan and elsewhere. These overseas manufactur-ing bases, if they continue to grow, will lnevitably serve to stem the pressure of exports coming from Japan itself and to ease trado imbalances. But by how much? No one believes any more that a higher yen and e modest rise of Jepanese over-seas investment will be enough to balance a trado surptus in excess of \$50bn, even in the long run. In the short run, Japan's trade partners are crying out for

A recent White Paper on international trada issued by Japan's Ministry of International Trade and Industry set four conditions needed for Japan to increase imports of manufac-tured goods: a sustained strong yen, greater foreign investment and technology transfer by Jepanese businesses, further efforts to open Japan's markets, and last, but far from less, effective efforts to stimulate domestic demand in Jepan.

It is these latter two questions that still provide the greatest obstacles. Except for isolated product niches, such as aviation equipment and computer soft-ware, Jepan's major companies are locked into a pattern of buying manufactured products

penetration is a dansting task at best. It can be done, as some success stories ctearly illus-trate, but that success comes only after mastering an intri-cate distribution system and catering to what may be the fossiest consumers in the world. Success comeo at a cost that is a those who can withstand years of loss and frustration.

of loss and frustration.

The onus for change thus must await some more fundamental change in Japan's spending habits—some movement by the Jepanese people to work and sava tess, to play and spend more, some moderation of the Government's near religious attachment to fiscal austerity, some movement to buy more of what both Jopan and the rest of the world produces.

Jepanese officiels claim this change is now slowly coming. The question is whether the world has the time to wait.

Steven Butter

### Disposal should aid competition

CONTINUED FROM PREVIOUS PAGE Japan Air Lines. The Government is planning to sell its 34.5 per cent stake in JAL, probably next year. It has yet to decide the precise timing and whether to sell the stake all at once or in translate.

tranches.

The disposal is part of a move towards greater competition in the Japanese airline industry, which has the third largest domestic market in the world (after the US and USSR), with about 45m air travellers e year. The market is served by three major carriers. All Nippon Airlines has 54 per cent of domestic traffic and Toa Domestic Airlines has 20 per cent. JAL, which has long enjoyed exclusive international rights, is restricted at home to trunk routes giving it 20 per cent of the market.

Until recently, the Government's policy had been protections.

Ministry of Transport signation that it would be moving towards a more consumer-oriented policy. In April last year, as part of a new bilateral air agreement with the US, the government got anthority for a total of three marketing outfit.

Japanese carriers to fly to the saie, JAL recently announced a reorganisation of its corporate structure gimed at increasing profitability. It involves the creation of four new profit-oriented divisions and a new marketing outfit.

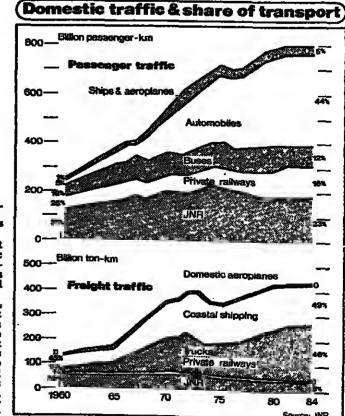
The plan was the brainchild



routes giving it 20 per cent of the market.

Until recently, the Government's policy had been protective, allowing each of the airlines to develop businesses without too much competition. Indeed of the 162 domestic it says, has curtailed its ability to the same market it use management appointments are subject to government approval and so are its operating ptans and investment decisions. This, it says, has curtailed its ability However, policy has changed to respond rapidly and flexibly rapidly since 1984 when the Ministry of Transport size.

rapidly since 1984 when the Ministry of Transport signalled that it would be moving towards reorganisation of its corporate



of JAL's strong new vice-chairman, Mr Junji Ito, who was brought in by the Government after tast August's jumbo jet disaster killed 520 people. That crash, and the resultant fear of the compared with a profit of Y22.5bn the previous year, as a result of e sharp drop in domestic traffic after the disaster.

Steven Butler

Market Access

### Why the alarm bells are ringing

trade expressed by senior Japanese officials to the frustra-Japanese officials to the irratra-tions and failures of Japan's trade partners, who have been banging for years on a door that proved sticky, to say the least. It is Japan's powerful, developed trade partners—the US followed distantly by the

European Economic Community — that have led the fight to have that door opened.
"It's like running e marathon,

try that have led the right to have that door opened.

"It's like running e marathou, but when you get up to the wire, you find the wire has been moved four miles down the road," says u frustrated US trade official.

The complaints are simple—Japan has taken advantage of the relative openness of US and European markets to develop high-volume export industries while not opening its domestic market sufficiently to the outside. The result has been the destruction of manufacturing jobs and even whole industries in the developed world, from electronies to automobiles.

"We are not so concerned about the size of the trade deficit," said Mr Laurens Jan Brinkherst, head of the EEC delegation in Tokyo, in early June. None the less, by the end of the such about apparent Japanese and sent in the US, Japan's exports to the EEC surged ahead by S3 percent of the EEC surged ahead by S3 percent of the trade for experiments from the US, Japan's exports to the EEC surged ahead by S3 percent of the EEC surged should be surged and surged a

IT IS a steep plunge indeed they would be cut off from from the lofty sentiments about export markets abroad. A series reforming Japan's role in world of seven programmes earlier in trade expressed by senior the decade had little practical

result
Yet they culminated in an "action programme" initiated By Prime Minister Nakasone in July 1984 that was more sweeping than anything thet came earlier. It has led to dismantling a series of tariff and non-tariff barreirs to the market.

"There has been a change in attitude" says a US trade offi-cial. "it is more than eppear-

principally with the composition of trade. In 1970, machinery and machine tools accounted for 43.2 per cent of the EEC exports to Jepan. In 1965 that streak to 26.2 per cent. EEC exports have become dominated by processed and semi-finished goods.

Jepanese tariffs have fallen so that an average they are among the lowest in the world. Yet the market has often proved impenetrable for e hundred other reasons, ranging from a thicket of bureancratic rules that discriminated, intentinally or not, against foreign products to unique difficulties inherent in the market itself, including a general preference among Japanese consumers and companies to buy Japanese. Passing one barrier, a foreign company frequently tripped over another.

Japanese leaders slowly came to appreciate the reality that unless they found ways to open their domestic markets further the continual of the provents of the continual of the province of the province of the province of the province of the time of the province of the province of the time of the province of the provinc

unacceptability of the trada flows and exhorting the Japanese to do something about it, the US began to raise a big political aledge hammer on individual issues.

The US set np a series of talks, dubbed Moss—market oriented, sector selective—to push in selected trade areas. US officials declared the talks na telecommunications and medi-cal equipment and phar-maceuticals to be successful on eliminating the outstanding tariff and non-tariff barriers. Electronics talks produced more mixed results, while the Moss talks on forest products largely fell prey to an aggressive and well-organised domestic Japanese lobby.

"It's absurb that there is a



European market where currencies remain strong.

on bottled wine, which are as panies' quality specifications much as eight times bulk wine. are unreasonable. "You don't need that much quality," he says classified antomatically as "special" grades, which push about why U.S. companies have them into much higher tax failed to keep up with the bracket and, pricewise, out of page for the process of the pr reach for the average Japanese some indication about selaryman in his favourite after-hours drinking haunt.

Once the Government npens the door, of course, there are more doors yet to bang against. A U.S. diplomat complains that the Japanese electronics com-

foreign companies seriously.

Foreign companies seriously.

Foreign anto part makers say they are unable to even meet with Japanese euto engineers, so they are never able to produce sample parts precisely to specifications.

Japan is now a buge market, and many foreign companies selling everything from computers and cars to banenas end motor nil heve found e strong and profitable niche. With tariffs and other government the profit and other government.

By tradition as well as for barriers coming down the prospurely husiness reasons, e pects for carving out more sec-Japanese company is unlikely to break with a trusted, long-time improved. Yet what remains is

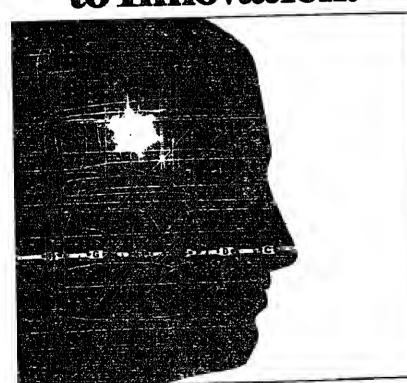
Japanese companies, or the result of u previous bad experience with foreigners, many Japanese have trouble taking to the cal advantages are stunning. materials have been taken in from the docks. Mr Brinkhorst of the EEC,

says: "The seriousness of the trade imbelence is a simple reflection of the fact that that Japanese economy is not inte-grated ioto the world".

The near-term prospects of loosening this closely-knit sys-

tem are not bright. Steven Butler

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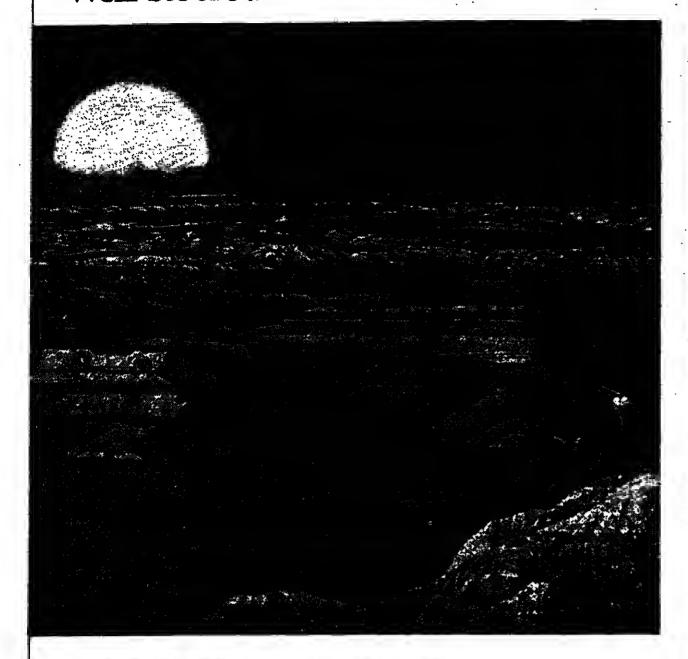
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JAPAN 12



BHW has successfully broken into the Japanese market

### How to sell to a market of 120m customers

Martin Dickson gives guidelines on how to break into a lucrative market and highlights the successes of several western companies

THE JAPANESE market is not as difficult to penetrate as Euro-peans complain, but it's also not as open the the Japanese claim," says Mr Luder Paysen. managing director of BMW

He should know, for BMW is widely cited as a success story which shows that with the right product, right management and determination it is possible for fareign companies to make size-able inroads into Japanese

markets.

"The basic message," says one western diplomat, "is: yes, there are problems daing business here, but they can be overcome and this is potentially such a lucrative market that you can't afford to ignore it."

The potential lies in the fact that the market is large (population 120m), affinent (with aearly the highest per capits income in the world) and homogeneous in its tastes (which is more than can be said of Surope).

its tastes (which is more than can be said of Europe).

Entry may also open up the said of Europe).

Entry may also open up the said of Europe).

In third markets—and since the yen's appreciation businesses are placed for greater emphasis on direct investment overseas.

Europe communications and the said of the said

Foreign companies estab-lished in Japan cite another important reason for coming to the country: the best way to face the Japanese industrial challenge is to maet it in its home market, where you can home marks, where you can keep closer tabs on just what the opposition is ap to. "This is such a competitive market that if you can win here, you can win anywhere," says the head of one

western group.
Contrary to widespread
belief, Japan's formal trade barriers have now been in large measure dismantled, with tariffs generally below those in the US and Europe and quotas limited to a few items, mostly

agricultural produce.

Non-tariff barriers have also been reduced, though the American Chamber of Commerce complains that day to day regulation of industry is used to be the complaint of the co

"block, moderate or make unprofitable, new or expanded foreign investment."

In addition there are psychological, social and economic barriers, stemming, for example, from a distrust of little mow foreign suppliers and the extent to which Japanese firms already dominate parts of the long and inefficient distribution network.

So how does a western com-pany break into the market? Clearly the first decision to make is the route in. The simpleet approach is on an agency basis, hiring one of Japan's 8,000 trading houses to handle your products. The advantages are cheapness and the fact that you

cheapness and the fact that you have immediate access to great knowledge of the market.

However, it is vitally important to choose a good, energetic agent. Although many importers are attracted to the large, wallestablished trading houses, a seally have be have established trading nouses, a smaller business may be hun-grier for work—and your pro-duct will form a larger part of There is also less chance of

them representing a Japanese trival Western businessmen in Polyo claim that large trading houses have been known to "smother" the products of an importer when they have a similar Japanese company on the lar Japanese company on the books daing just enough to keep the western firm as a client, yet feeling mildly dissa-

Having got a good agent, it is important to visit him regularly. "Agents get lonely. They need to feel you are committed," one British importer says. "You have to build up a relationship of trust. And having got an agent it is unwise to fall out with him—word will get around and it will be difficult to get

Some of the problems are illustrated by the case of Grip-perrods, a British manufacturer of floor covering accessories, which entered the Japanese





popular with Japanese consumers. The wild strawberry design was originally intended for the US market. Above: Mr J. Kusself Lovatt, president of Wedgwood Japan.

tion system and eventually went West is often little point of it is a classic niche murket, financial difficulties. approaching the chief executive offering the best opportunities.

sentative office is the normal next step for any company mak-ing a deeper commitment to the Japanese market. The alternatives are the formation of a joint twenture with a Japanese company (which can present culture-clash problems); takeovers, which are difficult, if not impossible, since they are not represent in Japanese (beginned). impossible, since they are not common in Japan (hostile ones are virtually unheard of) and a stigma attaches to the company being swallowed np. The establishment of a greenfield site is extremely difficult for businesses unfamiliar with the

businesses unraminar with the industrial set-ap.
Whatever route is chosen, several key do's and don'ts are cited by western businessmen with long experience of the

Arket:

Doa't expect to return. It is a market whencests of entry are high and rewards are slow in coming. The potential investor has got to be prepared to be patient and adapt a long-term strategic te approach. As a rule of thumb, he many businessmen say you should not expect to make any the money out of Japan in your first money out of Japan in your first paying meticulaus attention to the finest detail. For consumer goods, for example, that means already more years.

Western companies, with the major Japanese companies expect miracles from the domestic components suppliers and you have to provide the same service," one British importer says.

The major Japanese companies expect miracles from the domestic components suppliers and you have to provide the same service," one British importer says.

money out of Japan in your first five years.
Western companies, with their eye on share ratings and quarterly/half-yearly reports, can be at a competitive disadvantage to Japanese rivals, whose tight shareholding structure and high debt/equity ratios mean they can take a longer term view, pursuing market share first and letting profit follow later.

low later.

It is expensive setting up shop. Housing and affice costs are high, due to land shortage, food is expensive, and entertaining out—s vital part of business—is exhorbitant, since Japanese expense accounts seem bottomless and smart restaurants set their prices accordingly. • You must demonstrate a com-

mitment to the market. The Japanese need to be convinced that you are going to be a permanent feature of the landscape.
This applies equally to agents
(who do not want to be left with
an after-sales problem if you
pull aut), to customers and to steff. Many western compar

that getting good staff is one of their biggest difficulties, partly caused by the Japanese lifetime employment system and in part to wariness of unknown foreign organisations. To overcome the difficulty they aften have to pay higher salaries than Japanese higher salaries than Japanese • The distribution system can rivals, though even this will not be a major hurdle in selling

Take account of different keep foreigners out-business customs. For example, companies also suffer

market in 1976 through a local decisions within a Japanese but it agent. However, the company company tend to be taken how admits that it spent too little time identifying the right level and then progress up distributor, and the company through the hierarchy, rather than from the top down as in the between the company through the hierarchy.

The establishment of a repression is reached a complicated process of consultation will take place to ensure group support. It is called nemawashi, which

ting. Western businessmen say that negotiations with their Japanese counterparts aften seem frustratingly alow in the

part of the Japanese business culture, since it builds up all-important personal contacts. Be prepared for long evening eat-ing and drinking sessions and brush up your golf strokes.

Also be prepared to work long

Also be prepared to work long tours—it is not uncommon to ind Japanese staff still in the manager and had suggested the push into Japan in the first

"If you are suddenly asked to speed up deliveries, there's no point arguing about what your coatract aote says. It is not a legalistic society and it is much more important to prove you can be trusted."

• Market research is vital.

Japanese companies do vast amounts of research and some of the most successful foreign companies have done likewise. Take, for example, Burmah Oil which spent 10 fruitless years in the Japanese market before making a break in profitable growth with Castrol, its branded motor lubricant. motor lubricant.

This followed directly from a market research survey showing that 11-12 per cent of the \$1.5bm a year market for motor lubricants was covered by independent retailers. Castrol began an advertising campaign designed to encourage sales through these outlets, which has proved

That story also underlines the importance of advertising. The Japanese are extremely brand

necessarily overcome the shortage.

Some companies have now begun recruiting Japanese staff members direct from universities, getting them on board at the start of their careers.

Take account of different be a major hurdle in selling consumer goods. It is long, and has some of the features of an informal welfare system. The price of imported goods are often multiplied 2½ to 3 times before goods get to the shops.

The system is not designed.

panies competing in sectors— such as electrical appliances— where there are strong ties between specific outlets and

financial difficulties.

Since then, Gripperrods has successfully established itself by appointing a resident is a manager in his middle third Japanese representative and helping its distributor organise a national network.

There is often little point of It is a classic niche market, offering the best opportunities for high value, low volume goods which the Japanese either cannot make or do not care to make.

Examples of the

goods which have an exclusive cachet. One example of the lat-ter is a small British company It is called nemawashi, which literally means protecting the roots of the tree before replanting.

doing well in a classic Japanese area of superiority—electronics—selling sound mixing contains. ers do not wish to enter.

man car manufacturer, and of & Wedgwood, the British fine early stages, but once the Japanese company has made a decision everyone works very too strategies that can produce results in the Japanese market.

Wedgwood, the British fine china group, illustrate the kind of consumer goods and penetrations strategies that can produce results in the Japanese market.

Wedgwood made a second of the Japanese business. Wedgwood made a careful study of the market at the start of the 1980s and, after abortives negotiations over a joint ven-ture with its existing local distributor, decided to set up its own local office, headed by Mr

> place. Wedgwood Japan started trading in March 1983 and, while not prepared to give precise figures, the company says sales volume has increased by 300 per cent since then and its is dy making a trading profit. It claims to have become the brand leader in imported chins, more than trebling its share of this admittedly small market

niche.
One important factor behind
this is that Wedgwood has an
almost ideal product to break
into the market: the Japanese are particularly appreciative of fine china and Wedgwood has a quality image and a very strong

brand name.
But that alone was clearly not enough in boosting market share. Other elements have included a very strong emphasis on advertising and the opening of regional offices close to major retailers, thus keeping the distribution network as-simple as possible.

simple as possible.

Mr Lovatt adds that from the start he decided Wedgwood must go with the stream. I have tried to make it a ied to make it a panese company, operating in a Japanese way." The result is a management system based on Japanese consensus methods.

Becruiting good staff was an early headache, though Wedgwood's well-known name was some help. Mr Lovatt used an executive search company to get his initial core team of 30, and then recruiting agencies. The company now employs 114 peo-plc, only three of them expatri-ates, of which over 100 are graduates and it is starting to

recruit directly from employees old universities. BMW is often held up by the Japanese themselves as an example of how to succeed—though the company is keen not to overstress this image, poin-

CONTINUED ON NEXT PAGE

Semiconductors

### US demands firm action

THE ROW over semiconductor trade between Japan and the US is now winding on like a long bad novel whose author cannot figure out how to end the plot, and so it just keeps going with deadlines forever postponed despite tough sounding threats from the US.

despite tough counding threats from the US.

A framework for an agreement was said to be in place menths ago, but evidently a heavy wind is buffeting the negotiators who are trying to nail down the roof. The latest deadline is now set for July 26. No trade dispute illustrates so plainly the different approaches to business in Japan and the US, which frequently result in keeping US manufacturers out of the

close their own market to imports as soon as they have

imports as soon as they have microprocessors for a new prodeveloped a domestic manufacturing capability.

Backing for this second argument, however, is one smoking say, because they began early gun. The American Semiconductor Industry Association manufacturing facilities and argues that market penetration effective marketing networks.

The state of the s

that the Japanese market is closed.

They say that the 11 per cent penetration of the Japanese market by US companies commarket by US companies comm They say that the 11 per cent penetration of the Japanese market by US companies compared with the 55 per cent penetration of the European semiconductor market provides proof that US products are competitive and that the Japanese market is controlled by some kind of cartel-like agreement

kind of cartel-like agreement among semiconductor users. The Japanese response to this The Japanese response to this came the ignored. They say that Japanese companies do not buy US chips because US companies do not make the kind of specially-designed chips they use to make consumer products; that US sales networks and marketing ability are weak, and that says the sales were consumer to the consumer products.

Japanese market, and the difficulty, perhaps the impossibility in the end, of controlling complex international trading relationships through bilateral agreements.

The US case against Japan is twofold:

First: Japanese manufacturer from the field.

Second, that the Japanese consumer acceptance of the sample of the US manufacturer from the field.

e field.

Second, that the Japanese encountered substantial losses wernment has taken action to because an American semiconductor company delivered its microprocessors for a new pro-

establish their own manufacturating facilities in Japan. This is an argament, however, that US negotiators see as a keg of dynamite because of the possibility that the US Congress might use it in reverse as a device to limit Japanese imports.

There is also the difficulty of how private Japanese company to the company and the compan

Third Countries have anoth apparently field.
This would leave a very fast-growing segment of the market free from controls and could

How to sell to 120m customers

it in reverse as a device to limit
Japanese imports.

The issue has become politically explosive, a kind of test of the Reagan Administration's will to enforce US trade claims.

The US anti-dumping suit against 256 kilobyte (and higher)
random access memory chips was the first anti-dumping suit ever filed by the US Government, leaving little doubt about it losses in a whole generation of new memory chips, giving the Japanese a strong incentive to reach a negotiated settlement first.

The US says it will drop the anti-dumping duties if it can agreement apply to Third Countries have apparently failed.

This would leave a very fast-growing segment of the market to make the bilater and agreement mapply to Third Countries have apparently failed.

This would leave a very fast-growing segment of the market to limit Japanese companies are to be made to purchase enough US chips to raise fine us and enough US chartes to Devenment, but the Government, but the Government does not tell them who to buy from.

It would also be a strange arrangement for the US Government, which professes to be lapanese astrong incentive to reach a negotiated settlement for the US government, which professes to be lapanese and production of new memory chips, giving the Japanese electronics companies have begun recently to believe in the merits of free trade.

Japanese emony thips, giving the Japanese electronics companies have begun recently to believe in the merits of free trade.

Japanese companies are striving for.

Japanese companies may have a history of co-operating with the Government, but the Government does not tell them who to be served the merits of free trade.

Japanese electronics companies have begun recently to believe in the merits of free trade.

Japanese electronics companies have begun recently to believe in the merits of free trade.

Japanese electronics companies have begun recently to believe in the merits of free trade.

Japanese electronics companies have begun recently to believe in the merits of free trade.

Japanese c

local dealers and the Japane

It coupled this with an innova

tive hire purchase package which slashed the financing costs of buying a ear from tha Japanese norm of 18 per cent to

Like Wedgwood, it has spent a great deal seiling itself. Marketing expenses as a percentage of sales are the highest for BMW anywhere in the world. "Getting your message, across is very costly," says Mr Paysen, and lots of companies hesitate to do

Steven Butler



Hawaiian-bern sume wrestler Konishiki (right) on his way to winning a match

Discrimination in sport

### Evidence mounts in domestic field

day of the Japanese regular baseball season, Randy Bass, a large American first baseman for the Hanshin Tigers, took the field against the Yomiuri Giants with 54 hame runs to his credit, with 54 hame runs to his credit, one home run short of the record of the legendary Sadsharu Oh, who, as fate would have it, was, and still is, the nonplaying manager of tha Giants. On that day, successive Giants pitchers threw at Mr Bass's ankles, in the dirt and soveral feet wide af him. He never saw a ball that he could swing at to break Mr Oh's

abruptly gave it ap. At the tima of writing, the reasons remain unclear, but there was at least a suspicion that he had been forced out because he was perceived as a foreign threat.

The two instances are but the latest wrinkles in a long con-troversy aver the role af the foreigner in Japanese sport, ancient and modern. Most af the

The Japanese have imported never saw a ball that he could swing at to break Mr Oh's record. Mr Oh, who happens to be one of the great gentlemen of but this mercenary relationship sport, said he sever issued orders that Mr Bass be given orders that Mr Bass be given has never been entirely easy. Some foreigners adjusted to the nothing to hit. Cynics thought he different Japanese lifestyle, on and off the field, and some did not need to.

Explier this month, John not; the fault was often on both sides. sides. But the Bass and Tenta inci-

dents hint at a new element in

On this and the following pages a glimpse of Japanese tastes and prejudices and facts and figures for the businessman

#### Society

the equation. This is the Tu A-Yu, tha top money winner possibility that the Japanese for the past four seasons. There are beginning actively to is now a movement among possibility that the Japanese are beginning actively to discriminate against those foreigners who threaten to dominate their domestic sports. It is one thing, the argument goes, to help raise standards to international competitive levels since, with the exception of a few sports like judo and gymnastics and a few individuals, like Ms Ayako Okamoto, the golfer, Japan is not a big the golfer, Japan is not a hig world sporting power. But rewriting the domestic record books and putting domestic stars in the shade on home ground is another matter.

The picture is, of course, mixed. In those sports with neither much history of, nor hope for, international competitivity Japan welcomes foreign stars for the enjoyment, and the education they can provide with open arms and vast pots of money. the golfer, Japan is not a hig

pots of money.

Tennis is a classic example.

The Lendls, Wilanders and

Beckers of the circuit now make

Japanese court earlier this year, are seen to have made considerable contributions.

But in the three Japanese ceeded) have sporting religions, sumo, base-ball and golf, discriminatory problems are occurring. This prove himse does not so much apply to men's golf, because the Japanese cir-cuit is a little too distant and insufficiently prestigious to attract western stars for other than occasional visits

sport. Foreign residents, and many Japanese, were outraged in the Tokyo tournament af last May when the judges deprived him of what appeared to be a clear victory over a young Japanese star. Insult was compounded by injury when Konishiki's knee collapsed in the re-match. In the national opiate, base-ball, the controversy is of the longest duration and the most stark. Currently each of the 12

Japanese major league teams may carry two foreigners on their roster though one, the popular Hiroshima Carp, fields an all-native team.

Beckers of the circuit now make a point of playing in Japan. The game they play is on a different planet from that purveyed by Japanese men who, as ken Rosewall, another frequent visitor, says, lack aggression.

In basketball, where the Japanese lack of height is a terminal problem, American men and women of decent collegiste standard can earn good money in Japan for a few years playing in the industrial leagues without being accused of supplanting damestic talent. In volleyball, immensely popular in Japan and played at close to world standards, exceptional imported talent, like the late F10 Hymn, who died of a heart defect on a Japanese court earlier this tempted to try and make it in the US eagues (some, like Mr Oh. for development. Indeed, over the years, Japanese players tempted to try and make it in the US leagues (some, like Mr Oh, would certainly have suc-ceeded) have been rigorously

This year, Mr Bass could well prove himself as mach of a catalyst for discrimination as he does not so much apply to men's golf, because the Japanese circuit is a little too distant and insufficiently prestigious to attract western stars for other than occasional visits.

However, the Japanese women's tour is another matter. With Ms Okamoto mostly playing in the US, it has in recent years been increasingly dominated by a small cafe of Taiwanese women professionals, led by the redoubtable Ms



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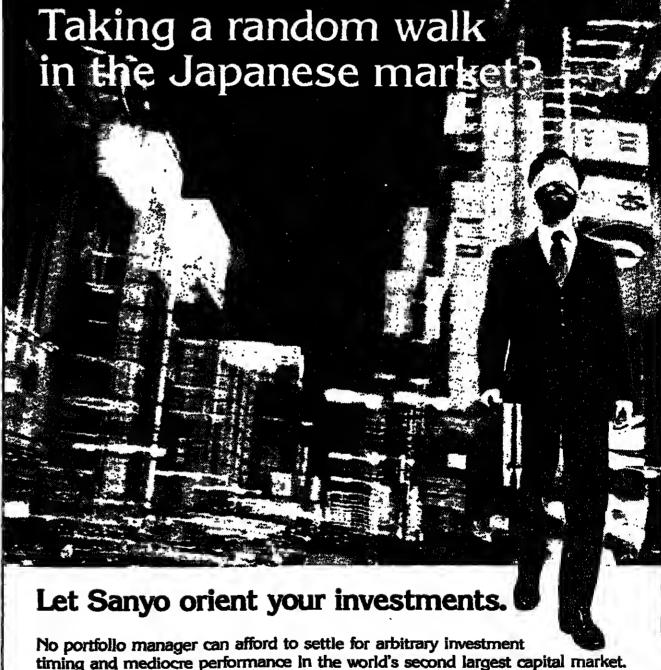
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The Arts

### Big money paid for superstars

JAPAN HAS an insatiable appe-tite for names, big and internationally-known. Super-clans, conductors cians, conductors famous orchestras, ballet and opera companies, art collections—all

Japan's top of the pop vide and records are no different from those in the US or UK. The best roadshow movies are available in Japan too. "If n play has won awards in London or New York, it's n sure bet the Japanese will be interested," says theatre agent, Mr Martyn Naylor.

Nor are stars allowed to wane here. Longon was the last place.

here. Japan was the last place on earth to see Maris Callas on stage. Frequent visitor Rudolf Nureyev, is always guaranteed ecststic ovations.

ecstatic ovations.

The normal Jepanese reserve is shattered by "bravos" for foreign touring ballet, opera and music, for whom the audiences pay big money (Vladimir Horowitz \$230; Royal Opera \$150; Mikhail Barshynikov \$110—in contrast to the usual modest \$30 for the home performers). That Japanese artists modest \$30 for the home performers). That Japanese artists cannot inspire such enthusiasm is a matter of concern for producera, prompting NHK Symphony Orchestra director, Kazuo Maye's remark that "Tokyo is n big market for touring artists but not for Japanese." The andiences for their regular concerts average eir regular concerts average

71 per cent capacity.
This is a jucrative market. This is a lucrative market. Japan's imported culture (most of what is thought of as traditionally Jepanese, originated outside, initially China and Korea, then Europe and America) makes the Jepanese eager for new experiences. People nowadays have also increased time, facilities and money for the arts. The ultimate information society, they know what is on in New York, Paris, London and major cities elsewhere and expect Tokyo to follow. Some producers are now setting their producers are now setting their sights on staging world pre-mieres in Tokyo. This is no pipe dream. Japan's arts are hig busiss with a sophisticated set-up

and marketing strategy.

As for the customers, they have their specific likes and dislikes. Japanese audiances want nothing too intellectual. People prefer their films and plays: entertaining, even better if layered with fantasy. Japanese TV is saturated with mane nonise. They also like the safe and uncontroversial (Paul Schrader's Hishima film is



black-listed, while Oshima's are The planist Vladimir Horowitz for whose performances andicularly as supplied by Hideli ences paid up to \$230 a ticket. Below, Ryuichi Sakamoto, idol of Noda and his Dreams' Dreams'

censored). Japanese innate restlessness demands short runs and fast high-tech staging. In music the popularity of Mozart, Beethoven and Brahms has only recently given way to Mahler and Shostakovich. A Mahler and Shostakovich A current spate of American plays features predictably Arthur Miller, Tennessee Williams, Edward Albee and Neil Simon—predictably, too, their best-known. The adventurousness shown by Tokyo's Parco Company in presenting e season of Sam Shepard is not unexpected—he is, after all, America's most famous modern playwright.

In classical ballet, apart from Maurice Béjart and Tadatsugu Sasaki's Tokyo Ballet Company who have pushed out the bound-aries of taste by modern works. most Japanese companies per form little other than endless Swan Lakes, Don Quixote's

No Japanese opera company would venture beyond the standard Italian or German repertoire. Even the prestigious Royal Opera fell foul of conservative Japanese taste in their 1979 tour with Benjamin Britten's opera, Peter Grimes. The composer, opera and Jon Vickers who sung the role of Peter Grimes, all being relatively unknown (i.e. minimal record sales) kept audi-No Japanese opera company mal record sales) kept audi-

New artists to Japan can fill theatres if backed by big pro-ducers, explained, labelled, interpreted in a good Press campaign—and put on at a reput-ehle venne. Packing Tokyo's Parco Theatre for the Belgian producer Jan Fabre The Power of Theatrical Madness demonstrated clever marketing more than the production.

than the production.

The Japanese propensity for recognising famous foreign names which rendered Jan Fabre more comprehensible here than in most other countries, makes Laurie Anderson and Pina Bausch aimost house-bald amoust in Japane.

and Pina Bausch almost household names in Japan.

Even less stellar foreign names though are crowd pullers. Leading orchestras such as NHK or Tokyo Metropolitan Symphony can rely on visiting conductors or soloists to boost tickets sales. This, however, creates a crisis for Japanese musicians, who regardless of how talented, in an over-flooded market cannot get bookings, and whose best prospects for a successful career are to leave Jepan and try their fortune overseas.

Uchida, set for a triumphant return in the autumn). In musicals, too the foreign infinence is being felt Japanese audiences are no longer satis-fied with second-hand, home-produced versions of American phony now clamour to see the produced versions of American shows, now clamour to see the originals. This year Chorus Line, 42nd Street and Dreamgirls all play in English with American casts. This, is much to the chagrin of Reita Asari, director of SHiki Company (famous for the Japanese Cats and most of Japan's musicals) prompting his much-publicised angry outburst at the "foreign invasion."

Certain categories of Japanese can also attract great followings. Japan's penchant for trans-sexual entertainment (mostly innocent) are guaranteed large nudiences of schoolgirls. The Takarazuka All-Girls Revue (females playing male roles) attract hordes of hysterical fans. So, two Tammasaburo. cal fans. So, too, Tammasaburo, the great Kabuki female impersonator and various transvestite singers and entertainers. The American all-male Ballets Trocadero also have a firm foothold in this bizarre market (five tours

ance demanded some explana ance demanded some explana-tion. It was provided by essayist Kazuo Ishida: "First, there is the Japanese fescinetion for oddities and freaks. But more, the phenomenon represent a throwback from Japan's primitive culture and widespread belief in n land peopled by supernatural beings.

"I see it as evidence of a soci-

"I see it as evidence of a society modernised too fast . . . rather like the world of Shakespeare's The Tempest set in modern Tokyo." Ishida believes that for these girls, male dancers in drag represent an exciting encounter with other-wordly creatures. Even more frisson is felt because they are not Japanese, but foreign. One particular section of the (heterogeneous) Japanese population though, have themselves been eategorised as a selves been categorised as a bizarre breed. Those born in the bizarre breed. Those born in the 1960s and brought up in Japan's electronics age are now referred to by academics and arts promoters alike as the new humans. Also known as the "post-TV generation," they are Japan's newest arts market. The artistic preferences of these new humans are both trivolous and high tech. They like montage entertainment, multi-

ers troupe, with their mix of East and West, Sam Spielberg and cartoons, word games and social satire, strung together in

unlikely plots.

The new humans also enjoy what is known as techno art—themes from science fiction, biotechnology, cosmology, gene-tic engineering, using computer arts and music. They are very much into Futurism. Ryuishi Sakamoto (of Merry Christmas Mr Lewrence) with his space age music and techno pop is their idol.

Paradoxically, the pull of the past is also very strong for the new humans. A craze for nostalgis ("retro boom," in Japanese) inspired by the revival of 1920s Fritz Lang's Metropolis and the 1950s Absolute Beginners has

produced e spate of period fashions, art, writing and music. This "retro boom" is a typical instance of mass taste seen in Japanese waves, crares, fevers and fads. These are no spontaneous phenomena, asserts cultural commentator Shuichi Hosokawa. "In Jepan, every-thing is fabricated. Cultural monopolisers practise hyper-manipulation."

Japan's almost total homogeneity (education, dress, behaviour), plus a social system which denies individuality and enforces groupism, produces an uncritical, unquestioning mass the product is decided, success is ensured

The media saturates the market with information, explana-tion, and interpretation, so that by the time the audience go to the performance, in Hosokawa's words "there is no psychologi-

words "there is no psychologi-cal resistance and our expecta-tions are fullfilled."

The customers themselves provide the final unusual ele-ment in Japanese taste. Audiences are composed mostly of females—85 per cent in most cases. Few categories of the aris attract audiences of both sexes in equal proportion. Couples

are n rarity.

Japan, still devoting its energies to its economy, is at too early a stage of its modern history for concert and theatre-going habits in the population at large. This, plus the problem of worksholic men, slaves to their companies, and under-utilised women-all conspire to restrict patronage of the arts largely to

They are the ones with time ou their hands and money in their pockets—and the most manipulated section of Japanese society.



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### **Takeovers** do happen in Japan...

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Tokyo contrasts; Old man at the Meiji Shrine and a Tokyo office worker enjoying basehall practice during a lunch break in

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Business life in Tokyo

# The bills rise with the yen

THE SHARP appreciation of the yen over the past nine months has suddenly transformed Jepan, not for years allow cost country, into n very expensive one. Whether visiting or resident, the bills the executive can now incur will curl the ears of any corporate treasurer, especially one whose horizons are understandably limited by the cost of living in Watford or Peoria, Illinois.

This is unfortunate in an additional sense, because the rise in the yen has made Japan, at least theoretically, e market with mnch greater potential for the foreigner than hitherto. In the financial services sector, where the foreign presence has grown exponentially in the past three years, this may matter less than for the manufacturer or provider of other lower volume services, to whom the cost of a presence or periodic travels to Japan is now assuming a measurabla share of any expected income.

Honesty requires reporting

Ashley Ashwood impenetrahla place in which

measurahla share of any expected income.

Honesty requires reporting that thare are no easy answers to tha cost problam and this article cannot avoid dwelling on many of them. But this should not be construed as a deterrent to doing business, nor can it gainsay the fact that, in countless ways, Japan has become a less daunting and less impenetrahla place in which

rooms which can be very compact; of these, the President, the Marunouchi, the Diamond, the Kaiyu Kaikan and the Fairmont are all reasonably central.

Staying for the duration in apartments or houses in the most popular "gaijin" ghettoes of Tokyo (Azabu, Roppongi, Aoyama, Hiroo) means Manhattan rents, and then some Representational residences can run to Yam a month, three-bedroom places Yim plus in nice, reasonably central, but less fashionable areas (the Banchos, Yotsuya, Yoyogi, Ehisu) Y600,000 a month might do.

Further out, but with much longer commutes, relative bargains may be found in Japanese neighbourhoods, though it is a fact that, outside the cosmopoliting centres, the nationals in present in

tan centres, the natives do not like to rent to foreigners. In general rents are rising rapidly, as the foreign influx, especially of bankers, dries up the modest supply of "Western style"

housing.

An additional factor is that most leases will require a security pre-payment of np to six months rent in advance. Decent gardens are a rare luxury, to operate a car, a police-certified offstreet parking space is required (front rooms are sometimes converted for the purpose). There are good "foreign" schools (tha Lycee, German school, American School, Sacred Heart etc.), but places are finite.

Setting up an office, or moving into a bigger one, has tried men's souls. The prime husiness men's souls. The prime husiness territory (Marunonchi, Otemachi) has so little availabla that when it crops np it can command its own price. Notional rents run from Y15,000 a month per tsubo (about 35 sq ft) to Y40,000, but these are modest compared to deposits which are in the Y600,000 to Ylm per tsubo range.

A competent bilingual secretary commands an annual salary of Y4m to Y6m a year. Interpreting costs — not as absolutely essential as hitherto in Tokyo—are steep, at, say, Y30,000 for, two hours from the better known agencies. (Freelances, who come cheaper, do exist). There is a growing transfer market, especially in financial services, for Japanese executives, but they leave the security of their native companies at premium prices. A competent bilingual secret-

Entertainment does remein a necessary part of business life in Japan, and not an inexpensive one. Receptions on, for example, opening an office or clinching a deal, are fairly obligatory and can easily cost Y15,000 per head and up in a respectable establishment. But, in general, there is e trend to less formal entertainment which the Jepanese themselves seem to welcome; and Tokyo is e great eating and drinking city, for which prices vary enormously.

mously. Ona of the better hargains is lunch, to which, again, the Jepanese seem to be losing their aversion (though they will drink little in the middle of the day). A typical good French restaurant, which might cost y15,000-y20,000 a head in the evening, may offer three course lunch specials in the y3,000-y5,000 range.

The Japanese also like to be taken to cinbs used by foreigners, of which the Foreign Correspondents Cluh of Jepan and the American Cluh are the best known. It is enstomary, if not required, to offer resident staff the perquisite of memberable at one or the other. ship at one or the other.

Entertainment also includes golf to which the Japanese are addicted or obliged to play. Club membership costs a fortune—upwards, often e lot, from Y20m for initiation plus hefty green fees—but can be profitable, in that memberships generally can be sold on the secondary market, invariably these days for much more than the purchase price. purchase price.

Those who just want e casuel round will pay not less than Y15,000 in the week and Y30,000 at the weekend for the privilege.
Tennis also does not come
cheap or plentiful; mambership
at the splendid, old Tokyo Lawn Tennis Club (the court are clay) costs a little over Y500,000 and a two-year wait for foreigners (Jepanese can wait 20 years for a vacancy); suhurban clubs can cost even more. Public courts, which might cost Y2,000 an hour, have booking systems which intimidate even the

Being there, however, can be a pleasure. For all the urban sprawl, lack of parkspace and press of people, Tokyo is one of the most civilised and liveable of metropoles. It is clean, efficient, extremely safe, and full of unexpected delights. It is conventionally said that the Jepanese are difficult to get to know and it is indisputably true that meny foreigners do not penetrate domestic society. There are barriers, mostly social, but the walls are coming down, on both sides, at e perceptible speed.

**Jurek Martin** 



The Asakusa Kannon Temple, Tokyo

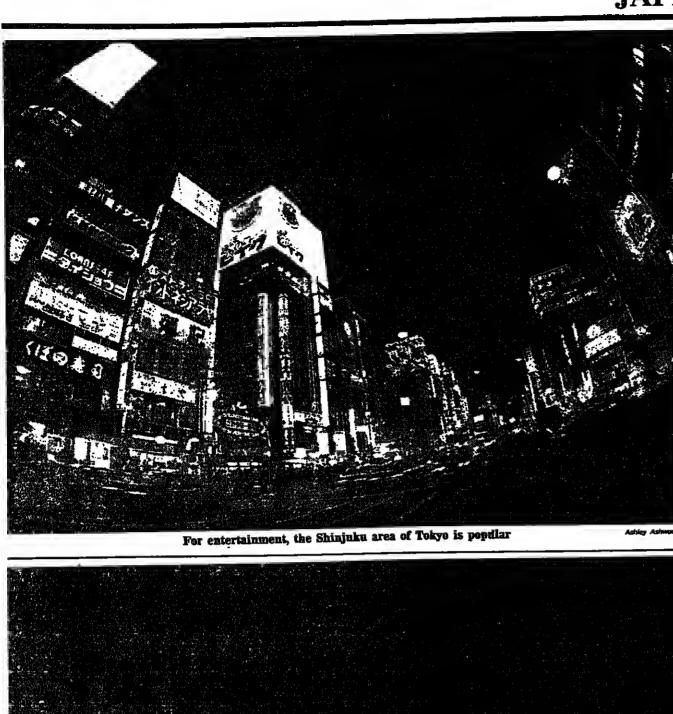
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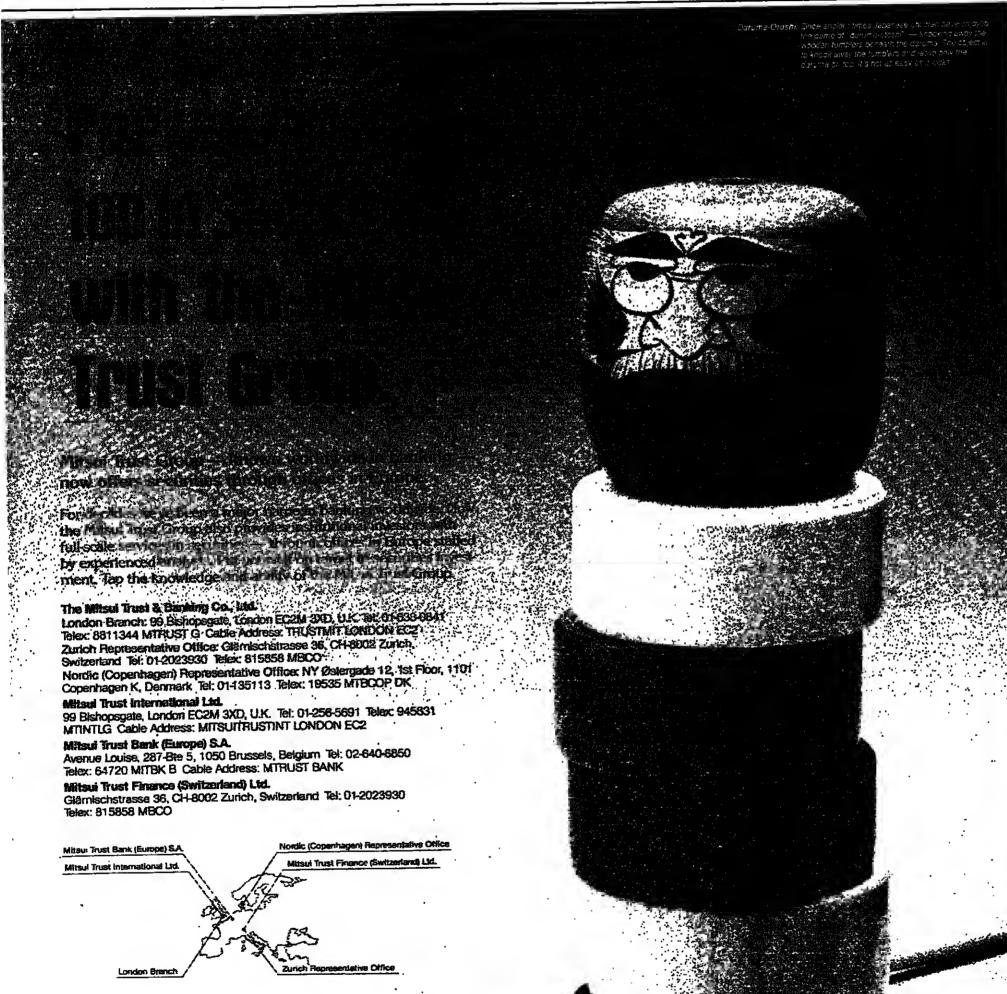
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# SECTION II - COMPANIES AND MARKETS

# FINANCIALTIMES

Thursday July 17 1986



# Burroughs net income surges 41 per cent

company whose recent merger agreement with Sperry will create roughs' chairman and the architect the second biggest group in the in-dustry after IBM, announced yesterday a 41 per cent increase in net pectations. "US computer demand income during the second quarter for our products and services im-to \$76.2m (\$1.61 a share) from proved over the lacklustre levels ex-nancing and restructuring costs. \$54.1m (\$1.19 a share) in the same perienced during the last five quarperiod a year earlier.

period a year earlier.

Sales increased by 9 per cent to \$1.33bn from \$1.23bn e year earlier.

Description at the pre-tax level grew to weakness of the dollar, Mr Bhimen \$121m from \$87.2m, while the pre-tax margio on sales widened to 9 "These per cent from 7.1 per cent in the

wall Street reacted by marking Burroughs' shares up by about \$1\frac{1}{2}\text{ suggish industry trends and Burroughs' shares up by about \$1\frac{1}{2}\text{ suggish industry trends and despite the attention required by the Sperry merger activity." Mr Blumenthal added.

The second quarter figures do not reflect any effects of the merger with Sperry. But the Burroughs previous period.

BURROUGHS, the US computer ings figures for the quarter. . Mr Michael Blumenthal Bur-

These results are particularly satisfying because they have been achieved against a backdrop of gen-

siderable impact during the second half both in consolidating Sperry's earnings with those of Burroughs and also in taking on to the merged company's balance sheet the negative impact of the acquisition fi-

> The benefits of the merger would be seen in the new company's 1987 results, Mr Blumenthal predicted. In the meantime, be said he was gratified that senior management rom the two companies had started to work together - this confirmed Burroughs' confidence that there were common cultures and comple mentary businesses.

No name has yet been announced for the merged company, and last week Burroughs offered a \$5,000 reward to any worker whose sugges-tion of a new corporate name was

> Associated's stock. Associated had said earlier this week that it was willing to accept e higher offer if May would increase its exchange ratio to 0.882 May shares for each of Associated's 40m

May wins

battle for

**Associated** 

**Dry Goods** 

MAY Department Stores, the third biggest US department store group,

has won its long running battle to take over Associated Dry Goods,

the fourth largest, with a sweetened

offer worth around \$2.5bn.
Associated Dry Goods and May

said yesterday that they had agreed in principle on a merger of the two companies at e fixed exchange ratio

of 0.86 shares (on a pre-split basis)

of May common stock for each share of Associated Dry Goods.

May's shares fell by \$1% to \$73% im-

nediately after the announcement

Associated's shares fell \$1% early

The latest offer is only marginal

ly better than an earlier proposal from May which bad offered to ex-

hange 0.85 shares for each share of

vesterday to \$80%

fully diluted common shares. The takeover bettle has been unusual in that both sides have gone to considerable lengths to publicise their bargaining positions. Associated is one of America's biggest retail groups and includes such famous stores as Lord and Taylor and J.W. Yakinson. The combined groups will have sales of close to 10bn, almost as much as Federated Stores, the industry leader.
Associated, which is based in

New York, has 440 retail stores, and May, based in St Louis, has 145. Hospital cost controls hit

losses at the end of June totalled

Healthy gains for Bankers Trust

sults season of the big US money trading profits to \$9.3m. The group's allowance for loan Earnings per share rose by 14 per \$452.6m, or 1.77 per cent of total cent to \$1.45. Mr Alfred Brittain III, loans, compared with \$399.9m, or 1.69 per cent of loans a year ago. The latest figures confirm that Bankers Trust is maintaining its forecast. The group's provision for loan losses totalled \$328.2m, more position as one of the most profi-table New York banks and underthan six times the figure in the first lines the success of its increasing

> opposed to commercial banking. In the latest three months, the return on average equity was 16.01 per cent compared with 15.96 per

This compares with 12.4 per cent at Citicorp, 13.3 per cent at Chase Manhattan, 14.23 per cent at Chemest income rose by 11 per ceot to \$189.7m. This was primarily attriical and 11.19 per cent at Manufacmissions, trading account profits the sum of the sum of

BANKERS TRUST yesterday side of the business was offset by a Bankers Trust has set itself a target of earning 20 per cent. rounded off the second quarter re- \$20.1m drop in foreign exchange

Among other US banks reporting their second quarter results, Interfirst, the big Texas bank which has been one of the hardest hit by the collapse in oil prices, reported a net loss of \$281.1m, or \$4.18 per share. This was in line with its earlier

three months of 1988. However, its net loan charge-offs in the second quarter rose to \$83.8m, compared with a year earlier. Noo-performing assets at the end of June totalled \$977m, or 6.75 per

cent of loans, compared with \$796m, or 5.13 per cent of loans a year ago. The group's reserve for loan losses totalled \$510m, or 3.56 per cent of loans outstanding at end June, compared with \$278m, or 1.81 per cent, e year ago. The group's shares were unchanged early yesterday at \$6%, ago.

valuing the group, which has assets of \$19.2m, at \$411m.

Continental Illinois, the big Chicago banking group which was res-cued by the US Government after a run on its deposits, has increased its second-quarter net income by 9 per cent to \$40.5m or 15 cents a

Mr John E. Swearingen, the chairman of Continental, said that the increase to earnings was attricome, due primarily to a gaio on the sale of real estate and improved tradiog profits. These factors were partly offset by lower net interest income, higher non-interest expense and an increase io the provision for loan losses.

The group's non-performing loans totalled \$800m, or 4.13 per cent of total loans, at the end of June compared with \$911m a year

# Apple reverses industry trend with sales and profit growth

APPLE Computer, the Silicoo Valour expectations," said Mr John software designed for IBM-compatible personal computer manufacturer, has reported sales and profit tive. "We intend to increase investing in the personal computers. The compatible personal computers are the personal computers. The compatible personal computers are the personal computers and profit tive. "We intend to increase investing also expected to launch e manufacturers are the personal computers are the personal computers. The compatible personal computers are the personal computers are the personal computers are the personal computers. The compatible personal computers are the personal computers are the personal computers are the personal computers. The compatible personal computers are the personal computers are the personal computers. The compatible personal computers are the personal computers are the personal computers are the personal computers. The compatible personal computers are the personal computers are the personal computers are the personal computers. The compatible personal computers are the personal computers. The personal computers are the personal comp growth in its third fiscal quarter ment spending to sustain our revedespite a general softness in the US nue growth in future quarters," he
the market for engineering workpersonal computer market.

The company reported earnings of \$32,3m or 49 cents per share for the quarter ending June 27. In the same quarter last year Apple had losses of \$17.2m, which included a \$40.3m pre-tax charge due to plant closures and lay-offs.

Sales for the period were \$448.3m, an increase of 20 per cent over the year-ago period when net These results are in line with

stood to be planning major product computers aimed at business and of 1986.

engineering markets.

Apple is expected to launch an Gross margins for the third quar-updated version of its Apple II ter rose to 52.7 per cent from 41.2 home and school computer in Sepper cent in the same quarter last tember. The company is also under year, reflecting cost controls. Marannouncements for early 1987 in-cluding a range of new Macintosh cent reported in the second quarter

Key features of the new Macintosh versions will include options that enable the computers to run \$1.89 per share compared to \$38.8m or 63 cents per share for the first nine months of fiscal 1985.

gins for the third quarter were, however, lower than the 56.6 per

Profits so far this year totalled

# **US drug groups** show good results

n the second quarter to \$38m. This emphasis on merchant banking as

**EMPHASIS ON MERCHANT BANKING PAYS OFF** 

BY OUR NEW YORK STAFF

centre banks, with a 19 per cent in-

crease in net income to \$104.2m.

chairman, said thet both net interest income and ooo-interest income

cootributed significantly to the

earnings improvement, as did a

lower provision for loan losses.

Loan loss provisions fell by \$17m

is in sharp cootrast to the experi-

ence of some of the Bank's larger

New York rivals which have report-

per cent to \$275.9m and non-inter-

butable to increased fees and com-

Net interest revenues rose by 16

ed lower second quarter earnings.

PFIZER AND UPJOHN, two of the ding US pharmaceuticals and health care groups, reported higher second-quarter profits, helped by the more competitive dollar, growth in the US market, and cost reduc-

Net income at Pfizer amounted to \$156.1m or 92 cents a share against \$137.5m or 61 cents a share in the same period of last year, while sales increased to \$1.1bn from \$1bo. For the first six months of the year, after-tax profits rose by 14 per cent to \$325m or \$1.92 a share from \$284.9m or \$1.69 a share. Sales adranced to \$2.15bn from \$1.95bn.

tional sales growth from 4 per cent to 12 per cent of currency translation. At the same time, bowever, Pfizer added that most of this boost to profits had been offset by a combination of price declines in certain foreign markets - particularly Japan – and by higher costs. As a result, most of the growth in oet income came from the US.

At Upjohn, oet second-quarter profits jumped to \$84.7m or \$1.04 a

share from \$54m or 88 cents e share in the same period of last year, while sales rose to \$594m from \$543m. For the first six months, earnings rose to \$127.7m or \$2,05 a share from \$105.6m or \$1.72 a sbare The company said results had in 1985. Sales in the half-year peribeen helped by the weakening of the dollar, which boosted internations of the dollar, which boosted internations of the sales in the half-year peribeen helped by the weakening of the dollar, which boosted internations of the sales in the half-year peribe helped by the weakening of the sales in the half-year peribed by the half-year peribed by the weakening of the sales in the half-year peribed by the weakening of the sales in the half-year peribed by the weakening of the sales in the half-year peribed by the weakening of the sales in the half-year peribed by the weakening of the sales in the half-year peribed by the weakening of the sales in the half-year peribed by the weakening of the sales in the half-year peribed by the weakening of the sales in the half-year peribed by the weakening of the sales in the sales in the half-year peribed by the weakening of the sales in the sa

# UK Kis to be bought by its management

BY ANDREW BAXTER IN LONDON

arm of the Grenohle-based Kis France instant services group, is being bought by its management for an undisclosed sum in an attempt an undisclosed sum in an attempt to improve service to customers and sales of about \$2bn , and about 60

nessmen. Minilabs, which can run colour copiers. profitably developing low volumes

was founded in 1963 by Mr Serge Crasnianski, a former nuclear phy-sicist, who started a business em-

KIS SERVICES (UK), the British pire based on the principle that people are prepared to pay extra for the convenience of getting a joh ent for done fast.

raise profits.

The UK offshoot is known principally for its photographic minilabs, which it sells mainly to small busi-

However, rapid expansion has brought problems in some counof photographic film, have been particularly successful in France and the US, displacing larger film laboratories.

The parent company, whose name stands for "keep it simple," was founded in 1022 by Mr. Sarrey company will be recompany to the parent company whose name stands for "keep it simple," whose the provided in 1022 by Mr. Sarrey company will be re-

The new company will be re-Technology Services.

### Amax may buy Mitsui's share of Alumax

By Our New York Staff

AMAX, the big US mining and me tals group which is struggling to re-turn to profitability, has announced that it is in talks to buy out its Japanese partners' half share in Alu-

in the industry.

Amex said a proposal had been made to it by Mitsui, the Japanese trading house which owns 45 per cent, and Nippon Steel which owns the remaining 5 per cent. Should the deal go through, Amax antic-ipates paying out "well above \$400m".

Although the details have not yet been agreed, part of the payment to Mitsui is likely to be in the form of preferred stock convertible into Amax common shares, so that the Japanese company would become a significant shareholder in Amax it self, should it choose to exercise its conversion rights. Nippon Steel's smaller holding would be bought

out for cash.

Buying out the remaining shares in Alumax is attractive to Amax as a means of raising its North American earnings from value-added aluminium products such as architec-tural profiles, building materials and aluminium sheet. Such a move is in line with the group's desire to move away from its past heavy dependence on volatile metal prices.

An additional reason for Amax wanting to raise its earnings from domestic US operations as high as possible is that it still has an accumulated \$1.7bn loss, incurred during the past four years, available to be carried forward for tax purposes.

# Carling plans asset sale in bid to expand

By Robert Gibbens in Montreal CARLING O'KEEFE, struggling to improve on its 23 per cent share of the Canadian beer market, is evaluating most of its assets and would consider any serious offers except for the Quebec Nordiques hockey team, chairman Roderick McInnes told the annual meeting in Toronto.

The parent company, Rothmans, which holds 51 per cent of Carling, has received "expressions of interest" in several of the Carling businesses, said Mr McInnes, but he would not elaborate.

Carling has been number three in the Canadian market und recently introduced an Australian lager into the key Ontario market.

Carling's results rebounded sharply in the three months ended June 30, the first quarter of fiscal 1987, with net operating income of CS6.4m (USS4.8m)

# Price competition hits

\$173.9m or \$2.98 a share while revenues slid by 10 per cent to \$1.52bn passenger mile. That fall, bowever, from \$1.69bn in 1965. Over the first six months, earnings fell to \$132.4m in operating expenses of 0.7 per cent and a slight - 1.5 per cent in crease in passenger volume.

"Our cost per available seat-mile, influenced by the favourable coordinates of growth and by lower fuel."

pany which has remained consistently profitable through the past few years of depressed conditions.

Interpressure on prices was illustrated by a 12.5 per cent decline in the airline's yield — the average few years of depressed conditions.

S128.2m or \$2.97 a share from the airline's yield — the average amount of revenue collected per successive few years of depressed conditions.

AMR. PARENT company of American Airlines, the second-largest US carrier, suffered a sharp setback in earnings in the second quarter of this year, mainly as a result of the intense price competition during

# AMR in second quarter ca, the biggest operator of proprietary hospitals in the US, has reported a 25 per cent drop in net income during the second quarter to \$68.8m from \$92.6m in the same period last

53.08bn.

Mr Robert Crandali, chairman, said the results continued to reflect the effects of continued to reflect.

Earnings per share dropped to 82 cents from \$1.02 and fell short of Wall Street's hopes that the first

HOSPITAL Corporation of Ameri

**HCA** income

By Our New York Staff

quarter level of \$1.10 could be main-tained. Mr Thomas Frist, chairman and chief executive pointed out that sec ond quarter earnings last year were buoyed by a \$26m after-tax gain on a disposal, which had been worth 29 cents a share. He also drew atten

tion to the 25 per cent rise in operat

ing revenues during the period to \$1.5bn from \$1.2bn. Income from operations, however, rose by only 5.5 per cent to

\$108m from \$102m. HCA's difficulties in recent years, in common with the rest of the hospital sector, have arisen from the much stricter controls by health inthe soaring costs of treatment. Mr Frist said the rate of decline in hospital admission rates had been slowing down, while there had been significant increases in revenues from outpatient treatment. In part he acknowledged, the company's revenue growth was also due to the net addition of seven new hospitals.

### Dee makes further US acquisition

DEE Corporation, the rapidly ex-panding UK supermarket group headed, by Mr Alec Monk, is making its second acquisition in the US this year of a major sporting goods retailer. Dee is to pay \$66.55m for M&H Sporting Goods, a Salt Lake City, Utah based chain with 41 outlets trading as Sunset Sports Cen-ters and Wolfes in the north-west-ern states of the US. M&H is the fourth largest sports retailer in the

The latest purchase comes only four months after Dee paid £278m for Herman's Sporting Goods, a New Jersey-based company and the largest sporting goods retailer in the US with 131 stores in the northeast and mid-west states.

The M&H stores made a pre-tax profit of \$6.2m on sales of \$108m in the year ended August 1985. They will be integrated into the Herman's chain and ultimately re-

The latest purchase consolidated

Dee's position as the leading spe-cialist retailer in the US in this field per cent share of the highly frag-mented \$14bn market, Dee said. Most outlets are individual stores Mr Kevin O'Keeffe, president of Dee Corporation of America, said this deal would give Herman's a strong base for expansion in the western US.

**Medium Term Facility** Mitsui & Co, Ltd The British Petroleum Company p.l.c. Abu Dhabi National Oil Company

TOTAL/Compagnie Française des Pétroles Mitsui Liquefied Gas Co, Ltd

Abu Dhabi Investment Company Arab Banking Corporation (ABC) Arab Petroleum Investments Corporation (APICORP) The Bank of Tokyo, Ltd Chase Investment Bank Gulf International Bank B.S.C. National Bank of Abu Dhabi

ADGAS

ABU DHABI GAS LIQUEFACTION COMPANY LIMITED (ADGAS)

U.S. \$650,000,000

- Lead Managed by -Abu Dhahi Investment Company Arab Banking Corporation (ABC) Arab Petroleum Investments Corporation (APICORP) The Bank of Tokyo, Ltd Gulf International Bank B.S.C. National Bank of Abu Dhabi The Fuji Bank, Limited Chase Investment Bank DKB Asia Limited IBJ International Limited The Kyowa Bank, Ltd The Mitsubishi Bank, Limited National Bank of Bahrain B.S.C. Sanwa International Limited Standard Chartered Bank The Sumitomo Bank Limited The Taiyo Kobe Bank, Limited The Tokai Bank Limited First Chicago Limited

- Co-Lead Managed by -Banque Nationale de Paris Christiania Bank og Kreditkasse The Gulf Bank K.S.C. The Long-Term Credit Bank of Japan, Limited Missui Finance International Limited Mitsui Bank Capital Markets Group

National Westminster Bank p.Lc. The National Bank of Kuwait S.A.K. Abu Dhabi Commercial Bank The Arab Investment Company S.A.A. Bank of Credit and Commerce (Emirates) The Bank of Kuwait and the Middle East K.S.C. The Daiwa Bank, Limited The Hokkaido Takushoku Bank, Limited The Mitsui Trust & Banking Co, Ltd The Nippon Credit Bank, Ltd The Semitomo Trust & Banking Co, Ltd The Yasuda Trust & Banking Company, Limited

> - Co-Managed by -Abu Dhubi International Bank Girosentrale und Bank der österreichischen Sparkussen Gulf Riyad Bank E.C. The Industrial Bank of Kuwait K.S.C. WestLB International S.A.

Abu Dhabi Investment Company
Arab Banking Corporation (ABC)
Arab Petroleum Investments Corporation (APICORP)
The Bank of Tokeo (OBU), Bahrum
The Classe Manhattan Bank, N.A.
Natural Bank of Abu Dhabi
The Fuji Bank, Limited, Supapore Bank, Limited, Interest, Hong Rong Branch
The Linkistrial Bank of Japan, Limited
The Sumnomo Bank, Limited
The Sumnomo Bank, Limited
The Takan Bank, Limited
The Missu Bank, Limited
National Westminster Bank of Limited
Bank of Credit and Commerce (Emistres)
The Bank of Kwat and the Middle East K.S.C.
The Daves Bank, Limited
The Missu Trust & Banking Co. Lid
The Nippon Credit Bank, Lid
The Sumnomo Trust & Banking Co. Lid
The Nippon Credit Bank of Survay Surva

Abu Dhabi Investment Company

# the effects of competition in the in-dustry. "The year-on-year decline in dall. TWA bid for Ozark faces legal hurdle

have major operations.

The decision is another blow for TWA, which has been hit by heavy losses this year as a result of the slump in US tourist traffic across

seeking to block Trans World Air-line's \$225m acquisition of Ozark, a struggling regional carrier, on the grounds that the deal would sub-stantially reduce competition to and from St Louis, where both airlines

where competition has been parti-cularly intense since the 1965 entry of People Express, the cut-price air-line which is itself facing serious fi-nancial problems. TWA lost \$193m in 1965 and another \$169.6m in the first quarter of 1936. first quarter of 1986.

Mr Carl Icahn, the corporate raider who took control of TWA earlier

the Atlantic, its biggest route, following the terrorist bombings in Europe. The acquisition of Ozark is an important element in TWA's battle to restore its financial fortunes and TWA is expected to challenge

the Justice Department's view that it is unlikely that other carriers can build a competitive position at St Louis within a reasonable period of time if the Ozark deal goes through.

THE US Justice Department is where competition has been parti-seeking to block Trans World Air-cularly intense since the 1985 entry

this year, wants to take over Ozark in order to gain access to its fleet of 50 smaller aircraft and gain access to markets where it would find it difficult to expand.

The Justice Department said in a brief filed with the Transportation Department that a merger between TWA and almost any other airline would raise fewer anti-trust problems. However, it did not completely rule out e merger between the two airlines and said that if 10 or more gates at St Louis airport could Both carriers maintain important operations in and out of St Louis carrier, it would raise its objections.

# Northrop income falls by 75%

BY OUR NEW YORK STAFF

NORTHROP, the US military aerospace group, reported a 75 per cent drop in second quarter net in-come to \$23.1m which it blamed partly on the absence of some special gains in the comparable quar-ter of last year and the extra costs associated with a new classified de-

fence contract. Northrop's shares fell sharply on Wall Street yesterday following the news of the \$1.50 drop in earnings per share to \$0.49 per share. For the six months net income is down 55 per cent at \$62.4m or \$1.34 per

The company said that the drop rose by 15 per cent to \$1.4hn

in profits was the result of "several significant items". These included the fact that the second quarter a year ago benefited from the receipt of \$50m as part of a settlement of a dispute with McDonnell Douglas and \$34m from the insurance on the loss of a F-20 aircraft. By contrast, in the second quarter of 1966, net income was reduced as a result of but the British group still has only 4 lower margins in the early phases of some classified programmes, in-cluding provision for expenditures that the company expects to invest

in a classified new programme received during the quarter. Sales in the latest three months

New James

15th July, 1986

# Noritake

U.S. \$50,000,000 NORITAKE CO., LIMITED

27/s per cent. Guaranteed Notes 1991

Warrants

to subscribe for shares of common stock of Noritake Co., Limited The Notes will be unconditionally and irrevocably guaranteed by

THE MITSUBISHI BANK, LIMITED

Issue Price 100 per cent.

Yamaichi International (Europe) Limited

Tokai International Limited

Mitsubishi Finance International Limited

Bank of Tokyo International Limited

Banque Paribas Capital Markets Limited

Daiwa Europe Limited

Deutsche Bank Capital Markets Limited

Robert Fleming & Co. Limited Kleinwort, Benson Limited

Hill Samuel & Co. Limited Merrill Lynch Capital Markets

Morgan Stanley International

The Nikko Securities Co., (Europe) Ltd.

Nomura International Limited

Salomon Brothers International Limited

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

S. G. Warburg & Co. Ltd.

All of these Securities have been sold. This announcement appears as a matter of record only



Australian \$65,000,000

AMCOR LIMITED

131/4% Notes Due 1993

MORGAN STANLEY INTERNATIONAL

**EANQUE BRUXELLES LAMBERT S.A.** 

HAMBROS BANK

S.G. WARBURG & CO. LTD.

ANZ MERCHANT BANK

BANQUE PARIBAS CAPITAL MARKETS

BAYERISCHE VEREINSBANK

GENOSSENSCHAFTLICHE ZENTRALBANK AG

McIntosh Hamson hoars govett international

J. HENRY SCHRODER WAGG & CO.

J B WERE & SON LTD

**BANQUE NATIONALE DE PARIS** BARING BROTHERS & CO., DRESDNER BANK

KREDIETBANK INTERNATIONAL GROUP

NEDERLANDSE CREDIETBANK N.Y. SWISS BANK CORPORATION INTERNATIONAL

WESTPAC BANKING CORPORATION

July 17, 1986

US \$50,000,000 **Banque Française** 

Du Commerce Extérieur

Floating Rate Notes Due 1991

Interest Rate Interest Period Interest Amount per

6.825% per annum 17th July 1986 20th January 1987

U.S. 95,000,000 Note due 20th January 1987

U.S. \$177,260.42 Credit Suisse First Boston Limited Agent Bank

AIBD BOND INDICES
WEEKLY SURGEONS GUIDE JULY 11
Redemption Change 12 Months
Yield on Week High Low 10.850 14.630 11.840 6.990 9.580 7.250 11.932 -0.355 9.094 12.600 10.489 5.971 8.164 US Dollar Australian Dollar Canadian Dollar 6.051 8.498 -1.111 1.239 Euroguilder Euro Currency Unit 6.405 10.107 -0.331 0.738 6,307 9.751 Yen Sterling Deutschemark Bank J. Vont

INTL. COMPANIES and FINANCE

# Philippines cuts role of state banks

PHILIPPINE Netional Bank (PNB) and Development Bank move coincided with the start of the Philippines (DBP), two of talks with the International of the country's state-owned banks, are to compete directly with private sector banks under of up to SDR 615m (1) SDR 615m

with private sector banks under a major policy change, that Philippines government confirmed yesterday.

According to a memorandum to President Corazon Aquino, from Mr Jaime Ongpin, the Finance Minister, and Mr Jose Fernandez, the Central Bank Governor, the size and scope of Governor, the central mank Governor, the size and scope of the two banks' operations will be reduced to cut their share of overall commercial banking business from a half to a

Quarter.
With the sale of six other banking system will become more market oriented.

The announcement of the Monetary Fund on the terms of of up to SDR 615m (US\$518.9m). The IMF has long wanted Manila to reduce the budgetary burden of state-owned banks.

The government also hopes

the change will facilitate a World Bank loan of \$200m to \$250m which can be used to cover part of its vastly increased budget deficit of 27bn pesos (US\$1.3bn) equivalent to about 4 per cent of gross nat-lonal product.

A major part of the increased deficit is due to PNB and DBP which will need a subsidy of 19m pesos in 1986. This represents around 17 per cent of the whole budget, according to latest government figures.

The new move will not of itself help the government, which will now take on bad loans worth 54m pesos from PNB and 65m pesos from DBP. But they will give the banks a clean balance sheet, and the government is making averagements for the is making arrangements for the

disposal of their non-performing assets under a privatisation scheme still to be finalised. The six other banks to be sold The six other banks to be sold were previously owned by businessmen but then acquired by various government agencies. They include International Corporate Bank (Interbank); Pilipinas Bank, which is a subsidiary of PNB; Associated Bank; Commercial Bank of Manile (Combank); Union Bank; and Republic Planters Bank.

Recently American Express took a 40 per cent stake in Inter-

took a 40 per cent stake in Interbank. Earlier this year Combank beld a bout of talks with Bank

their accounts audited by Bank

Negara up to the end of March

only three faced difficulties is

deposits.

Uoder the latest government action, PNB end DBP will both lose the adventages they held over private banks, such as the extension of special guarantees, and their obligations will no and their obligations will no longer enjoy guarantees from the government. The government will also reduce its deposits with them and make no additional capital infusion.

Yesterday's statement says PNB's assets will now amount to 24ha pesos, while DBP's 10hm nesses. Their not worth will be

pesos. Their net worth will be 3bn pesos, and 2bn pesos respec-tively. The banks' continued existence will depend on their performance, so redundant performance, so redundant branches are likely to be closed

### Record results for Bank of New Zealand

By Dai Hayward in Wellington THE STATE-OWNED Bank of New Zealand bas reported record net profits of NZ\$100.6m (USS53.65m) for the year to March, a rise of 34 per cent. As sole shareholder, the government received e dividend of NZ\$20m. This was in addition to NZ\$105.6m in tax, up 59 per cent on the previous year.

The result was achieved on revenue of NZ579.9m and after expenses of NZ\$372m.

Government approval was given earlier this month for the bank to raise NZ\$150m through
a public share flotetion,
although the government will
retain all the voting capital.
Mr Bob McKay, chief executive, said the profit result would support a successful flotation and demonstrated the bank's ability to maintain a good per

"The past year's profit per-"The past year's pront per-formance has been achieved despite the constraints placed on business growth because of the need for additional capital."

### Downturn for Bangkok Bank

BANGKOK BANK. Asean's BANGKOK BANK, Assem's largest bank in terms of assets, has reported a 30.6 per cent drop in net profits for the first half of 1986 to 603m baht

(\$22.75m).

Lending increased by \$1.8, per cent to 196.65hb beht.
Deposits rose by 5 per cent to 195.09bn bant, but assets fell by

195.050n tant, but assets that by 2.2 per cent to 263.20m baht. The bank said the result was not satisfectory, blaming it on the economic recession.

# Malaysia lifts directives on non-performing loans

BANK NEGARA, the Malaysian central bank, has informed the country's commercial banks that it is unofficially lifting its

tough directives on non-performing loans, in a move to ease the financial problems of businessmen who are facing strong pressure to repay their The directives were impose

early last year, following the Bank Bumiputra billion-doller loan scandal in Hong Kong. Under the rules, Malaysian banks are to stop treating as income interest on non-performing loans, so as to give a more non-performing loans were accurate picture of their financial position.

This has led many banks to pressure businessmen to repay were to be spread over two to their loans, at a time when three years.

**PAN-HOLDING** 

SOCIETE ANONYME

LUXEMBOURG

**AMENDMENT** 

The unconsolidated net asset value as of June 30, 1986, amounted to US\$342,19 per share of US\$30 par value. This value, was, before, payment on July 1st, 1986, of a dividend of US\$5,60 per share.

The consolidated net asset value per skare amounted as of June 30, 1986, to US\$356,28.

the amended version.

advertisement dated July Sth. 1986 mentioned by error a dividend of US\$5.00 per share, instead of the right amount of US\$5.60. We readvertise it in

Group profits up 42% at C Itoh By fan Rodger in Tokyo many of them are facing difficulties. These in turn come as e result of the collapse of the

CONSOLIDATED net profits of C Itoh, the third largest
Japanese trading group, rose
by 42 per cent to Y18.5hn
(\$116m) in the year to March.
The group said all divisions share and property markets.

The lifting of the directives on non-performing loans was epproved by the cabinet and conveyed to the banks by Dato Jaafer Hussein, Bank Negara's participated in the advance, but sales of machinery were particularly strong. However, by The authorities believe that the Malaysian banking sector is basically sound. Of the two dozen banks which have had group was beginning to feel the effects of setbacks in major foreign markets and the rapid eppreciation of the yea.

Total sales rose Y14,545bn tn Y15,900bn. Import transactions declined slightly because of the fall in oil prices. At the pre-tax level, profits were down 7 per cent to Y25.4bn, reflecting the droonsolidation of C Itoh Fuel

U.S.\$200,000,000

Bankers Trust Australia Limited

For the six months 14th July 1986 to 12th January 1987 the Notes will carry an interest rate of 6.85% per annum with a coupon amount of US\$ 346,32-per US\$ 20,000 principal amount,

Company, London

US. \$100,000,000

# MACOTO A Momentum Company

Floating Rate Notes Due 1992

Interest Rate

Interest Period

53/4% per annum 17th July 1986 17th October 1986

Interest Amount per U.S. \$1,000 Note due 17th October 1986

U.S. \$17.25

Credit Suisse First Boston Limited Agent Bank

COMMENDED OF THE RESTRICT



INVESTORS IN INDUSTRY GROUP PLC. Inc. in England under the Companies Acra 1948 to 1967, Reg. No. 1142830

£75,000,000 Floating Rate Notes 1994
For the three month period 15th July, 1986 to 15th October, 1986.

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 1014 per cent. per annum and that the interest payable on the relevant incerest payment date, 15th October, 1986, against Coupon No. 8 will be £1,231.78 from Notes of £50,000 and £129.18 from Notes of

S.G. Warburg & Co. Ltd. (Agent Bank) S.U. Warourg & Co. Ltd. (Agent Bank)

Weekly net asset value



Tokyo Pacific Holdings (Seaboard) N.V. on 14th July, 1986 U.S. \$ 139.65

Listed on the Amsterdam Stock Exchange

Information: Plercon, Heldring & Plerson N.V., Herengracht: 214, 1016 BS Arnst

(Incorporated in the State of New South Wales)

Floating Rate Notes Due 1993

payable on 12th January 1987

Agent Bank

U.S. \$150,000,000



# Crédit Lyonnais

Floating Rate Notes Due January 1993

Interest Rate

65/8% per annum 17th July 1986

20th January 1987

Interest Period Interest Amount per U.S. \$10,000 Note due

20th January 1987 U.S. 5344.13

> Credit Suisse First Boston Limited Reference Agent



BANQUE SUDAMERIS

U.S.\$30,000,000 Floating Rate Notes due 1987

For the six month period 15th July, 1986 to 15th January, 1987 the Notes will bear an interest rate of 615/16% per annum. Interest payable on 15th January, 1987.

Bankers Trust -Company, London

Agent Bank



CRÉDIT D'ÉQUIPEMENT DES PETITES ET MOYENNES ENTREPRISES up to US\$200,000,000

Guaranteed Floating Rate Notes Due 1996 For the six mooths
15th July, 1986 to 15th January, 1987
the Notes will carry an interest rate of
65/6% per annum and Coupon amount of
US\$316.25 per US\$10,000 Note, payable
15th January, 1987

Bankers Trust Company, London

Agent Bank

# INTERN. COMPANIES AND FINANCE

# Societe Generale Belgique lifts earnings by 40%

SOCIETE GENERALE de this year. BELGIQUE, Belgium's biggest – The gro and most powerful industrial impetus f holding group, yesterday announced consolidated profits of BFr 5.33bn (\$120m), a 40 per cent increase on the 1984 figure.

Adjusted profits per share; however, were only 21.6 per cent ahead at BFr 233.2, reflecting the recent substantial capital increases by the group. The figures take into account all the companies in which Societe Generale has more than a 20 per cent stake. Its own results—reflecting a similar profits surge to BFr 2.8bn in 1985—were published earlier

The group explained that the impetus for much of the improved group performance came from its interests in non-ferrous metals — which bave undergone a substantial re-organisation — chemicals and banking. For the future Societe Generale has identified the financial sector (where it now has a 50 per cent stake in London-based Dillon Read). international trading and tele-communications as having the

best growth potential.
All eyes at Societe Generale are now on Paris, where a decision is due to be taken by the French Government before the end of this month on ITT's

Sabaudia holding company, was formed in 1973 by Mr Guido Roberto Vitale, its managing director.

proposed link-up with France's Compagnie Generale d'Electri-

cite.

The Belgian group hopes to take roughly a 10 per cent minority stake in the new holding company. This would help forge an even closer rela-tionship with CGE, with which tionship with CGE, with which Societe Generale aiready has a joint controlling interest in ACEC, the troubled Belgian technology business.

Yesterday's statement showed that Societe Generale's BFr 2.79bn dividend payments, represent some 60 per cent of

group profits.
Total shareholders' equity is up from BFr 80.9hn to BFr 88.6bn.

quisitions, new stock market issues, portfolio management and Eurobond trading. It has

more than L1,000bn of funds

# Euromobiliare seeks bank status

under management.

BY ALAN FRIEDMAN IN MILAN

EUROMOBILIARE, the Milanbased investment bank and hranch network. Euro- been slow to take root in mobiliare, which is 21 per cent Italian finance, engages in cortrolled by Mr Carlo De troiled by Mr Carlo De Benedetti, is to ask the Bank. of Italy for permission to be-come a recognised and fully fiedged bank. If the central bank in Rome gives its per-mission this would allow Euromobiliare to begin a de-posit-taking business.

The investment bank, which has total assets of around L300bn (\$203m), is seeking to become a private hank and

director.

Euromobiliare, in which Britain's Samuel Montagu holds a 5 per cent equity stake, at present bas no formal standing as a bank.

The institution, one of Milan's earliest advocates of controlligated helps to be the standing as a liest advocates of controlligated helps to be the standing as a liest advocates of controlligated helps to be the standing as a liest advocates of controlligated helps to be the standing as a liest and the standing as a liest as a liest and the standing as a liest as a liest and the standing as Euromobiliare, in which Britain's Samuel Montagu tholds a 5 per cent equity stake, at present bas no formal standing as a bank.

The institution, one of Milan's earliest advocates of consolidated balance sheets, externally audited accounts and under management. Euromobiliare has a staff of 97, of whom 40 are involved in corporate and stock market activities. In the last financial year to June 1985 it had a net profit of 19.1bm. Profit for the half year to last December was 14.3bn.

### Wessanen proposes US takeover

By Laura Raum in Amet WESSANEN, the Dutch food and consumer products group, plans a cash purchase of John E. Cain of Massachusetts, in an attempt to strengthen further its US operations.

John E. Cain bas established a strong market position in premium sauces, dressings and pickles in the New England

area, where Wessanen is also active. The American com-pany's production and distribu-tion activities will mesh with Wessanen's operations, which include Crowley Foods and Heluva Good Cheese in New

# Saga plans link-up deals

BY FAY GJESTER IN OSLO

SAGA PETROLEUM, the describes as "far more interNorwegian oil independent, is studying various alternative solutions to its severe liquidity problems, following the failure on Tuesday of merger talks with Elf Aquitaine Norge, Norwegian subsidiary of the with Elf Aquitaine Norge, French petroleum and industrial group.

Another possibility would he

trial group.

A counter-offer made last week by Norsk Hydro, the Norwegian energy and industrial in undeveloped discoveries for concern, has apparently been shares in producing fields, put to one side for the moment, thereby boosting its cash flow while Saga considers what it over the next few crucial years.

**DnC** acquires estate agent

Heluva Good Cheese in New York.

With annual sales of \$40m and a workforce of 250, Cain is expected to lift Wessalen's US turnover above \$500m a year. Revenieuro for about half of the Dutch group's total turnover.

DEN NORSKE Creditbank, write Our Oslo Carrespondent. The firm will continue to operate as an independent unit, led by its former managing in the country's booming produce of the largest worth largest Norwegian real estate (about NKr 550m \$13m) and agents, for an undisclosed sum, showed a profit of NKr 1m.

Diamalt sub which is chemicals director and 80 per cent owner, Mr Barth Banaric Last year of DM 28m.

Schering year of DM DM 5.1hn.

# Suez buys Chicago commodity trader

By David Marsh in Parls

ANQUE INDOSUEZ, the internationally-operating French bank, bas bought a majority stake in GNP Commodities, one of the most important financial traders on the Chicago intures markets.

The move to spread its US futures and options activities is part of the bank's strategy of stepping up its development of new financial products. The bank aims particularly to strengthen links between its US futures operations and its trading on the newly opened Paris financial futures market.

GNP Commodities, set up in 1972, has a staff of just under 200, and is headed by Mr Brian Monieson, a former obsirman of the Chicago Mercantile Exchange. He will continue to direct the group, with a number of Banque Indosuez executives

oming on to the board. Banque Indosuez, owned by the nationalised Compagule Financiere de Suez financial group, has already huilt up a strong track record in France in offering futures and options services to its corporate and institutional clients.

### American disposal by Schering

By Leslie Colitt in Berlin

SCHERING, the West German pharmaceutical and chemical company, has sold Nepera, its US fine chemicals subsidiary, to the CasChem group in New lersey for an undisclosed sum, The sale was part of Schering's earlier announced divestment of its fine chemicals

division. Nepera, in Harriman, New York, had sales of \$46m last year and losses of DM \$4m (\$3.9m).

should noat a convertine loan bond, to be taken up by the state; with repayment either in cash or in Saga shares, at par, within about seven years. Another possibility would he for Saga to swap with other oil companies some of its stakes in underslound discoveries for Nepera will operate as a wholly-owned subsidiary of CasChem, a privately owned company—producing chemicals and process technologies for the manufacture of printed

Schering is also looking for a buyer for its wholly-owned Diamalt subsidiary in Munich which is part of the fine chemicals division. Discussions with several interested parties are said to be in progress. Diamatt name of DM 78m, sales of DM 51hn. Diamalt had a loss last year of

# N. AMERICAN QUARTERLIES 725,2m 39cm 9,74 1985 8 172.0m 1996 8 771.7m 78.6m 6.80 770.7m -24.2m 0.66

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due in January 1987. Listing Particulars relating to Bank of Montreal and the Debentures are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including 21st July, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 31st July, 1986 from:—

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Salomon Brothers International Limited Société Générale

Union Bank of Switzerland (Securities) Limited Yamaichi International (Europe) Limited

16th July, 1986



Consolidated Highlights at March 31, 1986 (Dollars in millions \*)

Total assets 17,544 14,067 Assets under management 397 Net income Shareholders' equity 1;847 428 Allowances for losses

\* Values expressed in US dollars adopting the lira-dollar exchange rate of end March 1986 (Italian lira 1,580.75/US \$ 1.00).

The Meeting of the Shareholders of Istituto Mobiliare Italiano (IMI), held in Rome on July 9, 1986, approved a transfer of reserves to equity for an amount of 400 billion Lire. As

a result of the Shareholders' decisions and of the July 1st capital increase, the equity structure of IMI and of the IMI Group can be summarized as follows:

(Dollars in	millions*)
Capital	1,044
Statutory and other reserves	932
Shareholders' equity	1,976
Allowances for losses	428
Total	2,404

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THE **NETHERLANDS** 

# INTL. COMPANIES & FINANCE

# Mercedes Eurobond better met than NIB's

THE EUROBOND market's fickle nature shewed through yesterday in contrasting receptions for straight dollar Eurobonds issued respectively by Mercedes Credit Corporation and Nordic Investment Bank

Nordic Investment Bank (NIB).

The \$160m deals each had identical terms, with a seven-year life and 7½ per cent conpon, except that NIB's was prized at 100½ compared with par fer Mercedes. The price differential might bave appeared rensonable given that NIB is triple A rated, while the Mercedes deal is neither rated nor guaranteed, either by the parent, Mercedes Benz of Nerth America, or by the ultimate owner, Daimler-Benz ef West Germany.

The Mercedes unit, making its first venture into the Eurobead market, was well received as an attractive, prestigieus brand-hame and traded at discounts te issue price far less than the total fees, according to lead manager Dentsche Bank Capital Markets.

NIB's issue, brought at 51

NIB's issue, brought at 51 basis points over US Treasuries, was deemed tight and was quoted by the lead manager, Salomon Brothers International, with a bid

International, with 3 bid price of 2; points below the issue price as against total fees of 1;.

Wells Fargo, the US West Coast bank, issued \$200m of 12-year fleating-rate notes which went down well. Led by Mergan Stanley International, the issue has a margin of 1 over three-menth Loeden interhank effected rates (Libor). It is callable after three years.

after three years.

Dai-lehi Kangyo International brought the latest in a series of innovative deals which, in return for a high yield, tie the investor's return te risk force factors exagenous to the bond market. Called a Dnet Bond, the \$100m issue for Deumark has the added twist that, not simply the redemption amount but also the size of each coupon pay-ment, depends on the dellar/

ment, depends on the deliary
yen rate.

The Danish bond, priced
at 101;, would pay a coupon
of 10 per cent and would be
redeemed at maturity at par
if the dollar/yen rate were
to remain constant at VI63.
Inferest payments and redemption amount, however,
will be talculated according
to formulae under which the to formulae under which the investor gets more if the dellar appreciates, and less-if it weakens further.

In the D-mark market, the Inter-American Development Bank made a DM 300m 10-year issue led by Deutsche Bank with a 64 per cent coupon and price of 991. Though the issue came late in the day, initial indications had the deal traded well within its

A mixed reception was accorded to a DM 100m 16-year, 64 per cent issue for Brewer Landesbank, including warrants which helders could exercise at par lote identical bonds if an interest rate fall made this attractive. The package, led by the German subsidiary of Uulon Bank of Switzerland, is priced at 102.9 and bids ranged both inside and outside the fees. A pure warrant deal was lamehed for WestLB Finance, exercisable into up to 250,000 6½ per cent bonds due 1998 guaranteed by parent Westdentsche Landesbank. The issue was quoted by lander CSEP. by lead manager CSFB-Effectenbank at DM 33 to

DM \$7. D-mark bonds prices rece i to i in mere active trading, on currency fectors and with supra-national issues benefit-

### Automated bond trading by 1987 By Our Euromarkets

AN AUTOMATED price display and trading system now under study for the Euroband market could be in operation in London and Switzerland as early as the end of next year, the Association of Inter-national Bond Dealers (AIDB) announced.

The system, being designed in co-operation with the US National Association of Securities Dealers (NASD), would enable the Eurobond market, which turned ever \$2,200bn last year, to become the first fixed-income market the first fixed-income market te provide comprehensive dissemination and computer screen display of market data, including current quotations.

Mr John Welters, AIBD Secretary-General, said in Washington that outline proposals for the system were new being made public following the conclusion of an initial technical study carried eut with NASD.

An exhaustive study,

An exhaustive study, approved by the AIBD annual meeting in Singapore last May, is due to be presented to its board in October and, subject to endersement by the board, weuld be presented to the full AIBD membership

# Planned reforms sharpen IASC regulatory teeth

regulatory bodies mainly from agreed to liberalise its statutes North and South America, has always bad the reputation of being a rather sleepy organisation whose annual get-togethers gave the opportunity for Securities and Exchange Comgave the opportunity for jamborees rather than jaw-

boning. -That now looks likely to change. As a result of booming business and the increasing interconnection between international securities markets, the need for closer co-operation between different countries' regulatory authorities has never

been greater.
On the first day of the IASC's three-day annual meeting in Paris yesterday, delegetes agreed on e fundamental reform of the organisation's structures destined to turn it into a genuine international securities

watchdog.

The IASC will set up a permanent secretariat headquartered in Quebec and will also establish a series of regional committees to keep an eye on securities market developments in Europe, adding to the American committee which

American commexists already.

THE International Association attended by delegates from 20 of Securities Commissions, a member countries as well as grouping of stock exchange from 25 observer nations member countries as well as from 25 observer nations— agreed to liberalise its statutes

> The IASC has traditionally been dominated by the US Securities and Exchange Com-mission (SEC) since it was set up in the 1970s.

> > organisatiton

The

admitted non-Americae mem-bers enly since 1983. They now bers enly since 1983. They now total eight.—Australia, South Korea, France, Hong Kong, Indonesia, Nigeria, Tunisia and the UK. Relaxing the rules on allowing in countries which had previously held only ebserver status should, eccording to cenference officials, bring in Spain, Portugal, Italy and Norway fairly quickly, with Belgium, the Netherlands and Luxembourg also interested in joining. However, neither Switzerland nor West Germany look likely candidates.

The impetus for increasing the muscle of the IASC appears te have come above all from the SEC. Confronted with the task of building up an effective mechanism for exchanging information among regulatory agencies, especially to deal continent. Sir Yves the continent. Sir Yves the chairman of the school of the IASC appears the chairman of the school of the IASC appears the school of the IASC appears the chairman of the school of the IASC appears the chairman of the school of the IASC appears the chairman of the school of the IASC appears the chairman of the school of the IASC appears the chairman of the school of the IASC appears the chairman of the school of the IASC appears the school of the IASC appears the school of the IASC appears the IASC app

with insider trading and fraud, the SEC has become a great deal mere international in its outlook over the past

few years. Mr John Shad, the SEC chairmon, yesterday lanuched a strong plea for more bilateral and multilateral co-operation to combat abusers of securities markets. Whom he labelled plainly as "eriminais."

"It is in the interest of all nations to expose and prosecute

the fringe element who would lie, cheat and steal from legitimate investors. All of us bear the cost of such abuse," he said. "In addition to multimillion dellar frauds, it results in less efficient markets, higher resurance and ether costs, and most important the incibitien of individual end insututienal investors."

This week's Paris session

represents the first time the IASC has held an annual meeting eutside the American continent. Mr Yves Le Portz. the chairman of the Commis-sione des Operations de Bourse (COB), France's Slock exchange regulatory body, who is presu ding over the meeting, has played an important part in

# Rolls-Royce facility increased

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE LOAN facility being already had to be scaled back levels and may well explain the enthusiasm of banks part of its bid to supply engines to British Airways has been increased to \$2.3bn from \$2.1bn following heavy oversubscription at lead-manager level, Goldman order to supply engines for Standard Chartered and Toronte Devicing 15 and 15 and 15 and 15 and 16 man Sachs said as arranger yesterday.

yesterday.
Goldman said that 10 major banks have now agreed to act as underwriters in the deal for which Citicorp and National Westminster will act as joint

Interest in the financing has

column declined to give terms of the 15-year facility. It forms part of Bolls' bid to win an order to supply eegines for 16 new Boring 747 aircraft which British Airways is buying. Syndication of the facility will only proceed if Rolls' bid is accorded. Market expectations are that

the Rolls financing carries an initial facility fee of some 20 basis points which would inbeen very strong, it added, so crease as time goes by. This is that the underwriting commitments of lead managers have parison with current market

Dominien.

The generous terms reflect both the maturity of the deal and its size, which has obliged underwriters to make large initial commitments. Another complicating factor is that the deal will be secured against the aircraft themselves. Since delivery will net start until 1939 banks are taking a risk in setting pricing of the facility now

### FT INTERNATIONAL BOND SERVICE

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STAN BY STAN B	in Court. Hate.  In Court. Mark.  In Court. Mark.  Appear  In Same Proper  In Court.  In Court.  In Court.  In Primarie  I	10 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		1104, 1104,	First 1005-1 100	在前面 C G G 有 G 有 G 有 有 有 有 有 有 有 有 有 有 有 有 有	· · · · · · · · · · · · · · · · · · ·	1.76 1.76 1.76 1.76 1.57 1.57 1.57 1.57 1.57 1.57 1.57 1.57	C BAT 6 FRINKIN NO SSSSTTMRAR SE
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ch lat, Fla. 7 95 309 182% 302% 44% 44% 44% 6.44    of Serbore 6 2016 123 95% 95% 97% 97% 97% 46% 6.44    of Serbore 6 2016 123 95% 95% 95% 95% 95% 6.44    of Serbore 6 2016 123 95% 95% 95% 95% 6.46    of Serbore 6 2016 123 95% 95% 95% 95% 6.46    of Serbore 6 2016 125 185 185% 95% 95% 95% 6.46    of Serbore 6 2016 125 185 185% 95% 95% 95% 95% 6.46    of Serbore 1 2016 125 185 185% 95% 95% 95% 95% 6.46    of Serbore 1 2016 185% 95% 95% 95% 95% 95% 95% 6.40    of Serbore 1 2016 185% 95% 95% 95% 95% 95% 95% 95% 95% 95% 9	Farm. 39, 99
ch lat, Fla. 7 95 309 182% 302% 44% 44% 44% 6.44    of Serbore 6 2016 123 95% 95% 97% 97% 97% 46% 6.44    of Serbore 6 2016 123 95% 95% 95% 95% 95% 6.44    of Serbore 6 2016 123 95% 95% 95% 95% 6.46    of Serbore 6 2016 123 95% 95% 95% 95% 6.46    of Serbore 6 2016 125 185 185% 95% 95% 95% 6.46    of Serbore 6 2016 125 185 185% 95% 95% 95% 95% 6.46    of Serbore 1 2016 125 185 185% 95% 95% 95% 95% 6.46    of Serbore 1 2016 185% 95% 95% 95% 95% 95% 95% 6.40    of Serbore 1 2016 185% 95% 95% 95% 95% 95% 95% 95% 95% 95% 9	Fatter 34, 98
ch let, Fa. 7 95 309 2024 2024 404 404 406 6.44  of Serber 6 2016 129 994 994 99 99 99 66 6.44  of Serber 6 2016 129 994 994 99 99 99 66 6.44  of Serber 6 2016 129 994 994 99 99 60 6.48  of Serber 6 2016 129 129 129 129 129 129 66 6.44  of Serber 6 2016 129 129 129 129 129 66 66 6.48  of Serber 6 2016 129 129 129 129 129 129 66 67 68 6.48  of Serber 6 2016 129 129 129 129 129 129 129 129 129 129	Farm. 39, 99
ch let, Fa. 7 95 309 2024 2024 404 404 406 6.44  of Serber 6 2016 129 994 994 99 99 99 66 6.44  of Serber 6 2016 129 994 994 99 99 99 66 6.44  of Serber 6 2016 129 994 994 99 99 60 6.48  of Serber 6 2016 129 129 129 129 129 129 66 6.48  of Serber 6 2016 129 129 129 129 129 66 67 60 6.70  of Der, Serbe 6 93 120 125 140 129 129 67 69 6 6.70  of Der, Serbe 6 93 120 125 140 129 129 129 67 67 67 67 67 67 67 67 67 67 67 67 67	Farm. 39, 98
ch lat, Fiz. 7 95 309 182% 2024; +49, +49, 6.44  of Serber 6 2016 159 94, 94, 0 0 6.44  of Serber 6 2016 159 94, 94, 0 0 6.44  of Serber 6 2016 159 159 149, 189, -94, 48, 48, 48, 48, 48, 48, 48, 59, 189, 189, -94, 48, 48, 48, 48, 48, 48, 48, 48, 48, 4	Fatter 34, 94
ch lat, Fa. 7 95 309 2123 2024, 402, 483, 6.64  of Gerbare 6 2016 129 944, 943, 0 0 6.64  of Gerbare 6 2016 129 944, 943, 0 0 6.64  of Gerbare 6 2016 129 944, 943, 0 0 6.64  of Gerbare 6 2016 129 944, 943, 0 0 6.64  of Gerbare 6 2016 129 129 129 129 129 129 129 129 129 129	Farm. 34, 98
chi int. Fiz. 7 95 300 1224 1224 404 404 404 6.44 6.44 6.44 6.44 6.44 6	Farmus 34, 96
ch lat. Fig. 7 95 309 182% 2024 +04 49 6.64  of Serious 6 2016 159 944 943 0 0 6.64  of Serious 6 2016 159 944 943 0 0 6.64  of Serious 6 2016 159 159 1697 1698 -94 49 6.64  of Serious 6 2016 159 1697 1698 -94 49 6.65  of Dev. Sant 6 9 3 125 169 1699 1699 -94 6.65  of Dev. Sant 6 9 3 125 169 1699 -94 6.65  of Dev. Sant 6 9 3 120 169 1699 -94 6.65  of Dev. Sant 6 9 3 120 169 1699 1699 -94 6.65  of Dev. Sant 6 9 3 120 169 1699 1699 -94 6.65  of Dev. Sant 6 9 3 120 169 1699 1699 1699 1699 1699 1699 1699	Fatter 34, 94   94   952   2289   2221   951, 951, 951, 962, 601, 601, 602   965, 671, 1152   1241, 912   913, 91   913, 91   913, 91   913, 91   914, 915   914, 912   913, 914, 915   915, 915, 915   915, 915, 915, 915, 915, 915, 915, 915,
ch let, Fa. 7 95 300 1824 2024 404 404 406 6.44  of Serber 6 2016 150 994 994 99 99 99 40 6.48  of Serber 6 2016 150 994 994 99 99 40 6.48  of Serber 6 2016 150 994 994 99 99 40 6.48  of Serber 6 2016 150 994 994 99 99 99 60 6.48  of Serber 6 2016 150 994 99 99 99 99 99 99 99 99 99 99 99 99	Fatter 34, 98
chi int. Fiz. 7 95 300 2024; 3024; 404; 404; 405; 644 of Serbert 6 2016 150 994; 994; 99; 99; 409; 644 of Serbert 6 2016 150 994; 994; 99; 409; 409; 409; 659; 679; 679; 679; 679; 679; 679; 679; 67	Featur 34, 99
ch lat. Fiz. 7 95 309 182% 2024 40% 40% 4.64 40% 6.64 40% 6.64 6.64 6.64 6.64 6.64 6.64 6.64 6.6	Fatter 34, 98

ASSOCIATES CORPORATION OF NORTH AMERICA:

Financial Highlights for the Six Months Ended April 30, 1986

Mitsubishi Finance International Limited Morgan Guaranty Ltd Morgan Stanley International

This announcement appears as a matter of record only. These Securities have not been registered under the United States Securities Act of 1933 and may not, as part of the distribution, be offered, sold or delivered, directly or indirectly, in the United States or to United States persons.

U.S. \$100,000,000

Hill Samuel Group Plc

Floating Rate Notes Due 2016

New issue/July, 1966

Hill Samuel & Co. Limited

Commerzbank Aktiengesellschaft

Dai-Ichi Kangyo International Limited

Girozentrale und Bank der österreichlschen

Banque Nationale de Paris

**IBJ** International Limited

Lloyds Merchant Bank Limited

Merrill Lynch Capital Markets

Sumitomo Finance International

Yamaichi International (Europe) Limited

	Six Months Ender	. %	
	1986	1985	(Decrea
	(Dollar Agreement)	in Thousands!	
NCOME BEFORE PROVISION FOR INCOME TAXES	0 171,974	\$ 152,864	13
ET INCOME	106,026	- 95.812	. 11
TOCKHOLDERS' EQUITY	1.190.511	1.055.804	13
INANCE RECEIVABLES	_,,		•••
Commercial Financing	\$4,543,103	\$4,303,147	6
Consumer Financing	4,706,722	4.014,638	17
Total Receivables	\$9,249,825	\$8,317,785	11
LLOWANCE FOR LOSSES ON FINANCE RECEIVABLES	239.861	208.063	. 15
Percent of Net Receivables	3.03%	Z.96%	
INANCE VOLUME	-10010		
Commercial Financing	\$3,182,996	\$3,349,235	[5]
Consumer Financing	1,991,791	1,881,222	6
Total Volume	\$5,174,787	\$5,230,437	(1)
	4417. 41.01	40,000,01,001	14

\$8,679,557

\$7,517,233

Judd Leighton Chairman of the

Alan B. Lerser Se Executive Vice Preside

Associates Corporation of North America

Consolidated balance Silest				
	April 30.			
	1986	1983		
Assets	(In Tho			
Cash	4,825	\$ 32,852		
1986, \$531,146,000; 1985, \$419,527,000)	536,955	430,975		
Finance Receivables				
Commercial Financing	\$4,543,103	\$4,303,147		
Consumer Financing	4,706,722	4,014,638		
Total finance receivables	\$9,249,825	\$8,317,785		
Less				
Uncarned finance income	(1,338,055)	(1,297,966)		
Allowance for losses	(239,861)	(208,062)		
	\$7,671,909	\$6,811,757		
Other Assets	465,868	241,649		
	\$8,679,557	07,517,233		
Liabilities and Stockholders' Equity				
Notes Payable unsecured short-term	\$2,556,067	\$2,562,470		
Accounts Payable and Accruals	441,196	446,473		
Reserve for Insurance Claims and Benefits	249,456	188,256		
Long Term Debt unsecured	4,242,327	3,264,230		
Stockholders' Equity				
Class 8 Common Slock, \$100 par value, 2,000,000 shares				
authorized, 1,000,000 shares outstanding	0 100,000	S 100,000-		
Common Stock, no par value, 5,000 shares authorized, 260 shares				
outstanding, at stated value	47,037	47.037		
Paid-in Capital	281,749	281,749		
Retained Earnings	777,732	649,198		
Unrealized Foreign Currency Translation Adjustments	(16,007)	(22,180)		
Total Stockholders Equity	01,196,511	\$1,055,804		

Consolidated Balance Sheet

Salomon Brothers International Limited

Banque Bruxelles Lambert S.A.

Baring Brothers & Co., Limited

Credit Suisse First Boston Limited

Goldman Sachs International Corp.

Kredietbank International Group

LTCB International Limited

**Deutsche Bank Capital Markets Limited** 

The Nikko Securities Co., (Europe) Ltd.

Union Bank of Switzerland (Securities) Limited

### **Board of Directors**

John M. Belk Chairman of the Board Belk Stores Services, Inc. De Floyd A. Bond Dean Emoritus of Graduats	Dan W. Maddox Retired Chairman and Chief Executive Officer Associates Corporation of Forth America
School of Business Admin- istration and Donald C. Cook Distinguished Professor Emeritus of Business Eco-	Harold D. Marshall Sc Executive Vice President Associates Corporation of North America
nomics, The University of Michigan Martin S. Davis	Elvis L. Mason Managing Partner Mason Best Company
Chairman of the Board and Chief Executive Officer Gulf+Western Loc.	Recor A. Overcash, Jr. Chairman of the Board Associates Corporation of
John K. Enikh Chairman of the Board The Vantage Companies	North America Robert D. Rogers President
Michael S. Hope Executive Vice President	Texas Industries, Inc. Irwin Schloss
and Chief Financial Officer Gulf+Western Inc. Kaith W. Hughes	President Marcus Schloss & Co., Inc.
Sr. Executive Vice President Associates Corporation of North America	Offices
James E. Jack Executive Vice President	Principal One Gulf+Western Plaza, New York, NY 10023
Associates Corporation of North America James J. Karley	Administrative P.G. Box 660237
Financial Consultant RossM L Krause	Dallas, TX 75266-0237 United Eingdom Sebesitiary Associates Capital Corporation
President Associated Corporation of Horth America	Limited Associates House, P.O. Box 20
Wilkam S. Lee Chairman of the Board and	Windsor Berkshire SLA 15W, England Tel. 075-355-7100
Chief Executive Officer Dake Power Company	The Associates, founded in 1918, provides commercial

ices cipal Gull+Western Plaza, York, NY 10023 Box 660237 , TX 75266-0237 ed Kingdom Sobeidiary ciates Capital Corporation dates House, P.O. Box 200, shire SLA 15W, England 075-355-7100 The Associates, founded in 1918, provides commercial imance and leasing, consumer financial services and assurance through approximately 800 U.S. and foreign offices, including 58

offices in the United Kingdom

# Gencor Group



Gold mining companies' reports for the quarter ended 30 June 1986

All companies mentioned are incorporated in the Republic of South Africa								
WEST RAND Consolidated Mines Limited	BRACKEN Mines Limited	Chemves Limite Compeny Registration No. 64/02378/06 (A subsidiary of Stilltentein Gold Mining Compe						

Company registration red, 5 to 12 red of the State W. S. Sement (Chairmer); G.S. Lee'r R.G. Mondification: J.L.J. Serke, F.S. Clarin; F.J. Cook; G.J.D. S. Shinari Chairmer, J. Cook; G.J.D. Shinari Chairmer, J. Cook; G.J.D. Shinari Chairmer, J. Cook; G.J.D. Shinari Chairmer, J. Cook; G.J. Shinari Chairmer, J. C. Shinari Chai		char; E. Pavitt; K. 60.	C Wiryas	Company Registration No. 58/01126/06 Discount Ch. Herscher Chairmann, Litt., Burtes; P.S. Ch. Bital. Land; H.A. Swith, T.J. Bosstown, Ed. M. Walmen, dissessing D. L. Burgman; P.J. Cook; J.A. dar Piccole; R.M. P. Tajamin, J.C. Wilderma.
teaued capital - 4 250 000 ordinary shares of R1 - 25 000 deferred shares of R2	Quarter	Charter	6 monthe	lasued capital 14 000 000 shares of 90 cents each
OPERATING NESULTS	ended 30.6.1996 106117	anded 31.3.1996 107 570	ended 30.6.1995 213.687	OPERATING RESULTS
Mined (m²/) Ore milled (fill) Gold produced (ligh) Yield (grif Working revenue (filt milled) Working costs (filt milled) Working income (filt milled) Gold price received (filt milled) Gold price received (filt milled)	520 000 1 001	510 000 1 000	1 930 000 2 001	Milled (m²) Ore milled (ft) Gold produced (ft) Gold produced (ft) Yistd (gif) Working revenue (ft) milled Working acets (ft) milled Working income (ft) milled Gold price received (ft) (S'au)
Working revenue (RA milled) Working costs (RA milled)	1,9 46,57 44,24	48.29 42.76	1,9 46,43 43,51	Yield (g/t) Working revenue (R/t milled)
Working income (Riter mined)  Gold price received (Rit miled)	216.81 · 2.33 24 138	42,75 201,90 3,54 23,520	43.51 209.70 2.92 23.833	Working costs (Rt miled)  Working income (Rt miled)  Working income (Rt miled)
	351	345	348	Gold price received(R/kg) (\$/az)
Working revenue	24 216 23 007	23 908 21 805	47 823 44 812	PREANCIAL REBURTS (R'000) Working costs Working costs
Working Income	1 208 693 (287)	1803 784 (768)	3611 1477 (1056)	Working income Sundry income—ret Tribute and royalties—net
Income before taxation Taxation	1614 (119)	1 819 1 18	3433	Incourse hearten 2000/1900 400/ State' 4 eb ave of
Incomeshertaxation	780	F1 700	R3439 1290	income Taxation and State's sharp of income Income after favation and State's sharp of
Dividence declared	1700	_	1700	Income Capital expanditure Dividend declared
Advanced (m) Advanced on reef (m) Sempled (m) Channel width (cm) Average value - gold (cm,gh)	6614 2 148 2 226	8 239 1 981 2 010	11 050 4 129 4 236	pridi pridit - Vistade bad
Charirel width (cm) Average value – gold (gft)	72 6.8 490	61 9,3 751	76 8.1	Advanced
ORE RESERVES or at 30 June 1986		751	616	Advanced (m) Advanced on reef (m) Advanced on reef (m) Sampled (m) Channel width (cm) Average value – gold (g/t)
Tons	evallable 499	accesible 3 696	Total 4983	THERBATHICS
Tons (000's) 796 Stope width (cm) 95 Value - gold (g/t) 7.16 - (cm,g/t) 681	107 6.11 855	3 696 106 6,86 732	4963 104 6.84 715	Capital expenditure Estimated total capital expenditure for the rem P508 000.
Ore reserve pay limit was calculated at an estin				Commitments in respect of contracts placed — NE Dividends
Capital expenditure  Estimated total capital expenditure for the re-	mainder of th	e current fins	ncial yeer.—	A dividend of 50 cents per share was paid on 2 M: Gold forward states
Commitments in respect of contracts placed - i				Working revenue includes the effect of closing the quarter.
Dividuals On 6 June 1986 dividend No. 109 of 30 cents p of R17.00 per deterned share were declared.	er ordinary si	hare and divid	and No. 100 cistored on	
of R17,00 per defensed share were declared 20 June 1986. Dividend warrants will be posted During stalling	on 0August 1	1986.		ST. HELENA Gold Mines Limit
Dump milling A total of 139 500 tons (March quarter 147 0 Dump and stimes from No. 1 Stimes Dem was t Gold foregard sales	in tons) of si rested.	and from the	North Send	Commence Designation No. 057002 2005
for ander to any me the modificabilities of the colors	operations,	the mine hes s 1966. Prices	old forward range from	Directors: E. Pavitt (Cheirman): T.L. de Boer: J.C. Frizz; E.P. C.G. Kropbe: G.C. Kraftr: C.R. Netscher; H.A. Senth.
a portion of its expected gold production is 226 570 per foliopram in July to RS 220 per is shersholders is drawn to the feet that the about to maturity date, or rolled over at any time- during the quarter is brought to account in world	ilogram in No vatranspetion The affect o	overnour. The is may be close if transactions	ed out prior closed out	Company Registration To University August 1997 Diseason: E. Parket (Chairmann): T.J. de Borr. J.C. Frizz; E.P. C.G. Knobbu; G.C. Knaftr; C.J. Notocher; H.A. Snath. Allamenter: C.J. Baryangur, J.H.J. Bring; F.S. Clairs; P.J. C. H.G. Moserfest: D.L.D. Robe; S.W. van der Colt; G.W. Woo (ostred cupital = 9 825 000 ordinary charae of R1.  — 16 115 070 custouls over preference
				— 16 1 15 070 cumulgova preferenc
BUFFELSFON	TEI	N <sub>.</sub>		OPERATING RESULTS - (m²)
Gold Mining Con	npany	y Lim	ited	Mined (m²) Ore milled (m²) Gold produced (lg) Yield (grit milled) Working reverus (filt milled) Working costs (filt milled) Working costs (filt milled)
Company Registration No. 05/33934/06 Discovers: J.C. Fritz (Chalemen); D.J. Crosse": T.L. de Bae C.R. Netscher; E. Pavict; Y.L. Pretockus. T.L. Smerkerus; L.				Working reveaus (Rt milled) Working coets (Rt milled)
C.R. Nettacher, E. Pavict; T.L. Prescrius, T.L. Smenkarop; L. R.A.D. Wilson, Alternatus; F.B. Clerker, P.J. Cook; P.J. Eustaco; M.D. Har P. Toljaond	W.P. van den Bo eon; L. Hrwitt.;	och, J.E. von Nighali;		Working income (Rim* mined) Gold price received (Rim)
P. Teljand Novemby President: J. Scott (Non-executive) Thinkin				
issued Capital — 11 000 000 ordinary sharet of R — 12 400 158 cumulative preferes	l each. co shares of R			PRIABICIAL RESULTS (N'00e) Working revenue Working costs
OPERATING RESULTS	Quarter ended	Ouerter ended \$1.3.1886	ended on a rees	Working income Sundry income—het
Mined (m²)	176 118 751 000	100 000	797 340 3 146 000	Income before textilon and State's share of income Textion and State's share of income
Mined (m²)  Ora milled (m²)  Gold produced (far)  Yeld (far)  Working revenue (file milled)  Working costs (file milled)  Working income (file milled)  Gold price received (file milled)	6 089 8.1 186.42	8.6 211,38	28 005 8,3 207,31	Income eiter incition and State's share of income
Working costs (RA initiact)	112,00	117,87 427,86	103,47 408,25	Capital expanditure Dividend declared
Working income (RY milled) Gold price received (Ping)	86,41 -, 24 506 - 346	93.71	103.84 25.085 387	Oxuarter ended 30.6,7986 Basal Leader
I branchisans	751000	704000		DEVELOPMENT Roof Reef
Pulp treated	138 0,18	180.0 0,23	3 070 000 656 0,21	Advanced on reef (m) 217 475 Sempled (m) 196 487
FINANCIAL RESULTS (R'000) Gold - Working revenue	149012	148 609	662 183	Channel width (cm) 116 148 Average value (grt) 6.2 2.6 gold (grt) 6.2 2.6
- Working costs - Working Income	84 116 64 897	82 841 85 968	325 515 325 668	
tiennäver – Working income Sundry income – net	11 772 5880	26 40R 5351	56 966 24 183	Available
Divident received Share of income – Bestrix division Tribute and revalues – not	1 200 3818 (11 068)	(18399)	2 800 8 968 (82 400)	Tons
Income before traction and State's share of	76579	78328	367 175	Ore reserve pay litmit was calculated at an actimat
income Taxation and State's phere of income Income after taxation and State's share of	10 840	26 773 51 566	282 596	REMARKS Control expenditure
income Taxation offset on Beatrix capital expenditure applied to repay loans	66 739 31 550	21 792	· 148633	Extimated fotal capital expenditure for the rem R20 700 000, Commisments in respect of contracts placed—R8
Attributable to ordinery shareholders	R34 189 16 021	729768 7267	9143 962 32 089	On 5 June 1985 dividend No. 62 of 160 cents
Dividends declared	65 000	_	116000	shareholders registered on 20 June 1986. Di 8 August 1986.
Advanced (m) Advanced on reof (m) Sampled (m)	12 442 764	13 963 796 772	58 613 3 474 3 174	Yield The continuing affects of the closure of higher event in February, is reflected in the decline in 36 012 tons (March quarter 24 427 tons) was
Champing width	. 728 107 18,1	107	96 16.5	CHAMPS.
Charnel width (Cm) Average value – gold (gr) - (gr) - (gr) - (gr) - (gr) - (gr)	18,1 1,617 0,603 64,42	17,0 1,818 0,570 60,86	1 622 0,601 56,80	Pro. 10 Sheft The shaft has reached its finel depth of 1 368-met
ORE RESERVES so at 30 June 1986		in-	30,00	CTH FORTEIN
Tone (000's) Avetable 4 300	Un- evellable 3134	accossible 1694	Total 9 128	STILFONTEIN
Tone (000's) 4 300 Stope width (cm) 148 Value – gold (grU 10,02 (cm.gr) 1488	145 10,52 1 527	153 10,80 1652	148 10,34 1531	Gold Mining Com Company Registration No. 06/33412/08
Ore reserve pay limit was calculated at an estim				COMPANY PROSESTENCE NO. 0073341200 Strecture: W.S. Evens (Chairswen); J.H.J. Burker; G.S. Lae*; T.J. Pretorios: R.A.D. Writen. T.J. Pretorios: R.A.D. Writen. J.E. ven Fellente; Hametery President: J. Sout Dion-executive) 'Gritche.
REMARKS Capital expanditure	des Examples	B25 705		Attributes: N.C.A. Blocyson; P.S. Clorie; P.J. Eusteins; O.J.I. LE. von Nieteric, Resignay President: J. Scott (Non-scottive)
Estimated total capital expenditure for the folio- Commisments in respect of contracts placed—R	20 008 000.	Adm - Life you	· Outs	January capital — 13 062 920 shares of 50 cents each
On 5 June 1986 dividend No. 58 of 500 cents po 37 cents, per cumulative oreference share we	or ordinary sh	are and divide	and No. 2 of pareholders	OPERATING REGULTS
32 cents per cumulative preference share we registered on 20 June 1986. Dividend werrents a Strethenore Shart area.				
The replacement of working tape at the pre- restricted by severe faciling. While this situal continue to be adversely affected.	viously plann tion paraists	the production	nues to be on rate will	Mined prof. Ore milled (f2) Gold produced (f2) Yield (fit milled) Working revenue (fit milled) Working costs (fit milled) Working income (fit milled) Gold price received (fit fit
				Working costs (Rin miled) (Rin mined)
Beatrix division In terms of an agreement, Buffelstontain mines	the mining le	nac area of De	atrix Mirros	Gold price received
in terms of an agreement, Buffetsfontsin mines Limited. 16 per cent of the distributable inco Buffetsfontetn and 84 per cent to Bestrix Mines i	ome from this amicust.	is area is altr	ibutable 10	FINANCIAL RESISTS (E'000)
	Overter	Quarter	Year	Working revenue Working coess Working income
OPERATING RESULTS	30.6.1986 122 270	31_3,1996	anded 30.6.1986 475.458	Sundry Income—net Tribute and royaltise—net Income before taxation and State's where of
Mined(m²) One milled(t) Gold produced(kg)	127 279 611 000 2904	113 259 449 800 2 425	1 929 000 16 566	Income Taxation and State's share of Income Dividend received
Gold produced (2)  Gold produced (2)  Yield (3)  Worlding revenue (3)  Worlding revenue (3)	143,85	5.4 125.99 79.82	5,5 136,55 74,84	Dividend received
Trocking bosts	76,35 315,95 64,90	79.82 315,73 46,17	303.64 61.71	Capital expenditure
Working income (Rift milled) Gold price received (Rift) (SAz)	26 310 342	23 281 336	24 858 -332	Quarter
FirtANCIAL RESULTS (R*900) Working reverse	73 506 40 342	56 446 35 769	263 405 144 370	anded 30.6.1986 Vasi
Working costs Working income Sundry expenditure—net	40 342 33 164 9 232	20 506 6 708	119 035 44 700	DEVELOPMENT Reef V.C.R. Advanced
Royalty payments	11 026 12 906	<u>8466</u> 5611	39511 34224	Advanced on reef (m) 826 011 Sampled (m) 570 815 Channel width (cm) 27 60
Texation	R12 836	R5511	R34 824	-gold(at) 40.2 8.0
Capital expenditure	6000	1 147	10311	
Advanced	8422 1860	7 648 1 723	32 703 8 753	
Sampled (m)	1 498 66 15.0	1 490 66 18.5	7686 84 17,2	Available
Average value gold	991	1 219	1 103	Stope width (am) 112 Value - gold (a/t) 6.1
ORE RESERVER on at 30 June 1985  Available	Un- evallable	ln- scressible	Total	— (cm.pt) 1015 — игапіит (kpt) 0,158
Tons (000's) 1970	190	960 124	3 070 127	One reserve pay firmit was calculated at an estimat
(cm.g/t) 1125	7.5 1084	7.A 922	1 050	REMARKS Capital superditure Estimated total capital superditure for the rame
Ore reserve pay limit was calculated at an estima increasers	ated gold price	e of R24 000/kg		Estimated total capital expensiture for the remarks 300 000.  Commitments in respect of contracts placed —RST
Capital expenditure  Converse true control expenditure for the follow	ving linencial	year-R23772	900.	Dividends On 5 June 1985 dividend No. 64 of 116 cents
Commissments in respect of contracts placed — R. Sundry expensions	( \$47 <b>000</b> .			charatoliders registered on 20 June 1986. Dit 8 August 1986.

ublic of South Africa				···
RACKEN lines Limited pany Registration No. 58/01128/06				Chem Competity Registra (A subsidiary of S Directors W.B. Even
mai C.H. Herscher (Chairman), J.H.J. Burte; P.S. C. Land; H.A. Smith, Y.J. Browniampe; M.A. Walton, spart; D.J. Burgeran; P.J. Cook; J.A. du Ploseis; K.M. Ant; J.C. Williamse,	lerke; P.J. Easts L.Hooking; D.J.	iça; W.S. Evany; D. Ross; D.W. Stof	beeg;	Directors W.B Even 7.1. Pretarius; R.A.D. Alternaties; H.C.A. Bo J.E. von Nieberk. *British
od capital - 14 000 000 shares of 90 cents on	ch. Quarter	Quarter	9 months	leaved capital - 10
RATING RESULTS	ended 30.6.1985	9nded 31.3.1986	anded 30.6.1986	Uranium Pulp treated
d (m²) nlifed (t) produced (fig)	69 146 225 000 764	85 835 237 000 806	203 310 709 000 2 469	Oxide produced . Yield
ing revenue (Bit milled) ing costs (Bit milled) ing costs (Bit milled) ing income (Bit milled)		3.4 86,14 52,75	3,5 86,61 53,33	Net income after to Capital expenders
ing income (R/m² mined) ing income (R/k milled) price received (R/kg)	3,4 82,15 57,66 187,30 24,69 23 496	33.39	185,99 35,78	Dividend declared
NCIAL RESURTS (POOM	23 <b>49</b> 6 347	24 91 4 336	25 085 . 331	Capital expendition Estimated total ca
ing revenue	16 483 12 951	20 416 12 503	62 828 37 813	R295 000. Commitments in a
ry income—net te and royalties—net	6 532 884 (68)	7 916 879 (278)	25 015 2 842 (497)	On 5 June 1986 registered on 20 J
ne before taxation and State's share of the and State's share of income the after taxation and State's share of	8 448 3 620	0 5 1 6 5 4 3 6	27 480 17 455	Supply contract The main customs
NO	R2 828	R3 000	R16004	
al expenditure end declared ELOPMENT - IGmbarley Roof	260	7 000	7000	WINE
need	1 135 341	1 117 277	3 300 523	Mines Company Registra
nsi width (cm)	321 41 8.6 270	288 52 7.1	603 40 7,1 266	Directors C.R. Notes J.C. Frite; E. Pevett: H.
	270	367	286	P. Talparet: J.C. Wiles Issued capital — 12
Africs tal expenditure used sotal capital expenditure for the nan 000. Intervents in respect of contracts placed - N	nainder of th	e current finer	ciel year —	OPERATING RE
imemunts in respect of contracts piaces — N louds idend of 50 cents per share was paid on 2 M				Mined
forward sales ing revenue includes the effect of closing				Working revenue
Marter,	OOL OF PURSO	an reist count	ica during	Working costs Working Income .
T. HELENA				Gold price receive
<b>T. HELENA</b> old Mines Limit	ed			Working revenue Workingcosts
name Designation No. 05/207/2005		to; K.M. Hooking:		Working income . Sundry income - r
menty i registar atomic residenti (C. Carcoratoro mente E. Paviet (Chairmann); T. J. & Boors; J.C. Fritz; E.J. motoba; G.C. Krafti; C.R. Nathother; H.A. Smith, and select (J.J. Baropasa; J.J.J. Motreja; F.S. Calenti; J.J. Consential; D.J.D. Roos; S.W. van der Colt; G.W. Wold der Colt;	Cook: P.J. Euers ochered, Leoch	nos; W.B., Event;		Tribute and royalti itscome before tax income Texation and State income after taxat
- 16 1 15 070 cumulutiva preferenc	Querter	Quarter	6 months	income
RATING RESULTS .	30.6.1986 145.986	ended 31.3, 1986 141 642	30,6, 1986 287 808	Capital expenditure Dividend declared DEVELOPMENT
6 (trr²) nilled (t) produced (lig)	145 966 680 000 2 816 4,5	580 000 2842 4,9	287 608 1 160 000 5 462 4,7	Advanced
produced (kg) ing revenue (Pt misled) ing costs (R/misled) (R/misled)	111,36 71,49 294,09	116,80 64,84	114,08 68,17 274,95	Sampled
price received (R/Im)	294,09 38,87 24 598 341	265,63 61,96 23,834	274,95 45,91 24 208 338	DEMARKS
Incial Results (Proce)		337		Estimated total Co R12876 000.
ing costs	64 597 41 467 29 124	97 744 37 610 30 134	132 335 79 077 53 258	Commitments in a
ing income ry income—net ne before texation and State's chare of	3969	4 648	8617	A dividend of 246 o
ion and State a suproof income	27 083 8 425	34762 17383	61 875 25 808	Collar work is in pr
Auronaliture !	R18 668	7 111		MAR
Outster anded 30.6, 1998 Basel Lauder	15 400 Counter 31.	ended 6moi	15 400 ths ended 30.6.1986	Consc
	Reef	Roef Roe	l Loader -	Company Registre Directions: C.R. Notach H.G. Mosenthel: B.A.:
nced	3070 155 177	1018 868 502 37 521 37	2 977 5 1800	Afternous: 0 4 Gerge *British laqued capital —40
ried (m) 198 487 nel width (cm) 116 148 up value (grt) 6,2 2,6 (cm.g/t) 891 380	131	144 12 2.4 5. 350 54	4 25	
(cm.g/t) 681 380	810		7 364	Mined
Available 8640	Un- evallable 4390	accessible 950	<i>Total</i> 11 580	Ore milled Gold produced Yield Working revenue
(000's)   8 640   123   124   124   125	127 8,4 1 061	124 10,6 1 319	125 8.7 1091	Working casts
seerve pay ilmit was calculated at an estima Aracs				Worlding income . Gold price receive
tal expensiture sted total capital expenditure for the sen 80 000,	nainder of th	a current lines	cial yeer -	Working revenue Working costs
niuments in respect of contracts placed — Ri	A 961 000.			Working Income . Sundry income - n
lands June 1985 dividend No. 52 of 160 cent holders registered on 20 June 1986. D just 1986.	s per shere Hyldend war	was doctored i	posted on	Income before una Taxation
ionalmoing affects of the closure of highs in February, is reflected in the ducline to 2 tons (March quarter 24 427 tons) was				Income after taxesi Copital expenditur Dividend declared
M.				DEVELOPMENT
© Sheft halt has reached its finel depth of 1 358-ms	tros and equi	ipping has coim	menced,	Advanced
TILFONTEIN				Average value - ge
old Mining Com		v Limi	ited	ONE RESERVER
Designation No. 05/2412/08	_	_		Stope width
rem W.S. Evens (Chaleman); J.H.J. Burks; G.S. Lee* Horios: R.A.D. Wijson. Horios: R.A.D. Wijson. For H.C.A. Booysen; P.S. Clorie; P.J. Eustace; D.J. Nijstark.	D. Rose; Dr. F.	LP. Roux; P. Taljet	rd;	Ore reserve pay lim
n Vistoria ny President: J. Scott Dion-eccusive) j capital – 13 062 920 shares of 60 cents esc				MEMARICS
	Quarter ended 30.6.1986	Quarter ended 31.3.1986	6 months ended 30.8.1986	Capital expendit Estimated total ca R822 000, Commitments in n
ATING REGULTS (m²) (m²) (t)	127 403	31.3.1986 117.616 417.000	30.8.1986 245 022 843 000	Dividends On 5 June 1986
	428 000 2 254 5.3 129,22	2 270	4 524	Shareholders regi S August 1986.
iget ing revenue (filt milited) ing costs (filt milited) ing income (filt milited) price received (filt milited)	129,22 104,30 348,74	127,86 100,25 354,27	128,54 102,29 361,59 26,25	Gold forward sail Working revenue ; the querter.
ing income (R/t milled) price received (R/kg) (\$\$\text{\$\exitt{\$\text{\$\exittex{\$\text{\$\exitte{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\exititt{\$\text{\$\text{\$\text{\$\text{\$\exititt{\$\text{\$\text{\$\exitit{\$\text{\$\texitt{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\	24,92 24,363 338	27,60 23 450 340	28,25 23,905 336	UNIS
mCLAL RESULTS (E*000) ing rivenus	55 048	53 315	108 363	Gold N
ing costs: ing income ny income — net	16.81B 1 716	41804 11611 3147	22 120 4 865	Company Registra
ry income—net mand royakiss—net se before taxasion and State's share of	(3 088)	3 147 (3.367) 11 231	(6465) 20 539	Directors: E. Pavic (Ca Or. J. Kernyon*; R.P. La Alterastee: D.J. Bever *British ***Am
ion and States's share of Income	9 248 3 657 4 800	4 263	7920 4 500	*British **Am Issued capital - 25
M Assession and Super a starte of	R16 391 2 006	77028 1920	R17 419 3966	OPERATING RES
end declared	15022	-	16022	Ore mitted
Guarter anded 30.6.1986	31.	luarter anded 3.1986	8 months anded 30.5.1996	Worlding revenue
LOPINET Reef V.C.R.	Vaal Raef 6 292	V.C.R. Res 3781 13170	V.C.R.	Working costs
nced on reef (m) 826 011 led (m) 670 815	1 053 960	765 1875 765 1826	1386	
(at) 40.2 8.0	26 49,7	6,6 46,0	7,2	Working costs
ium (cm.g/t) 1008 481 ium (rg-t) 0,880 0,143 (cm.ig/t) 18,09 8,51	1 228 0.851 21,02	405 1187 0,120 0,777 7,72 19,81	438	Worlding income Sundry income - n Milling fee
ESERVES es et 20 June 1986	Un-	in-	٦	income before tax income Taxation and State
	2 908	access/ble 232 112	754s/ 4398 112	Texation and State Income after taxati income
-gold(grt) 6,1 (cm,grt) 1015	112 9.5 1 <b>00</b> 0	11,1 1247	9.4. 1 053	Capital expenditure
—urankım (kip/t) 0,158 — (cm.kg/t) 17,74	8,147 15,37	0,147 19,49	0,153 17 <b>,0</b> 5	
serve pay Amit was calculated at an estima LERCS cal suppossifiture				DEVELOPMENT
stari total capital movements on the move		Foto	dal case	Advanced

Chemwes Limite Company Registration No. 64/027/8/06 (A Subsidiary of Stilliantein Gold Mining Compa	env Limited)			LESLIE Gold Mi
Directors W.S. Evens (Captreant; J.H.L. Surks; F.S. Car 7.1. Pretarks; R.A.Z. Wisson. Albamates; H.C.A. Booysen; P.J. Cook; P.J. Eustass; D.J. J.E. ven Niebert. *Brissh Beaued capital - 1000 shares of R1 each,	Na: G.S. Lag"; K. D. Ross; Dr. F.J.F	M. Millionett, C.R. I. Rossa, P. Taljan	. Netacher; rd;	Company Registration Directors: C.R. Netscher IC T.L. Sesentamo: M.A. Waste Attentions. D.J. Bargman; I Iosued capital — 16 0001
OPERATING RESULTS Uranism Pulp treated // // // // // // // // // // // // //	Quarter ended 30.6.1996 558.000 61.3 6,110 P3.895 76 6,000	Ouarter ended 31-3.1986 546 000 62.1 0,114 R2 788	6 months ended 30.6.1986 1 104 000 123.4 0,112 R6 693 111 6 000	OPERATING RESULT Mined One milled Gold produced Yield Working revenue Working casts
REMINARIES Ceptral expenditure Estimated total capital expenditure for the res R2SS 000. Commitments in respect of contracts placed – F Dividinguis On 5 June 1986 a dividend of R6 million v registered on 20 June 1986.	mainder of the		cial year –	Working income Gold price received  FINANCIAL RESULT! Working revenue Working revenue Working income Sundry income Sundry income I ribute and royaliba — Income before taxation income
Supply contract segrifications The main customer has agreed not to defer deli WINKELHAAI Mines Limited		ime being.		Taxation and State eath income after taxation a income. Capital expenditure. Dividend declared. DEVELOPMENT – Kir Advanced on roel.
Company Registration No. 55/03605/06 Dévetes; C.R. Hottsche, (Charlement; F.B. Clarke; P.J. E. J.C. Pitz; E. Panett; H.A. Serett; T.I. Stephaler; A. Allementes; D.J. Borgenger; J.F.J. Sterke; P.J. Cook; K. Ma. P. Tajakart; J.G. Willementes; A.L. Weiger, P. Tajakart; J.G. Willementes; A.L. Weiger, A. Weiger, B. Stephaler; P.J. Cook; K. Ma. P. Tajakart; J.G. Willementes; A.L. Weiger, D. M. Weiger, A. Weiger, B. Stephaler; P. Stephaler; D. Weiger, D. Weiger, B. Weiger, B. Weiger, D.	ivetace: W.B. Ew Hooking, B.N.B. L	ons; C.T. Femon und; D.J.D. Ross	: J.R. Forbes;	Sampled
Saved capital – TZ 180 000 shares of R1 each.  OPERATING REBULTS  Mined	Quarter ended 30.6. 1986 155 654 802 000 3 482 6.8 138,57 59,38 229,68 78,19	Ouerter ended 31.3.1986 152.516 567.000 3.203 5.6 138.26 57.14 212.44 81.12	9 months anded 30.6.1996 456 189 1 770 000 9 570 5.6 143,18 56,36 214,46 86,83 25 190	Copital arguenditure Satinated total capital R248 000. Commitments in respo physicands A dividend of 30 cents in Desiry sullting A total of 54 000 tons (i) Solid forward solae Working revolue linck the quarter.
FMARCIAL RESULTS (R'ODS)  Working revenue  Working costs  Working income Sundly income—net Tribute and royaltios—net Income before faxalion and State's share of income Toxalion and State's share of income broome after taxalion and State's ahare of income	23 714 346 83 417 35 749 47 671 2751 4251 49 997 26 755	24 284 339 76 393 32 401 46 992 2 675 [337) 48 330 30 746	336 253 451 59 764 163 887 (1472) 181 094 100 109 R60 986	KINRO Mines L Compeny Registration Directions J.C. Priz (Doubre C.R. Visagerior, J.A. Smith I Attendate O.J. Bergrann, Issued capital — 18 000 (
Capital expenditure Dividend declared  DEVELOPSEENT - Kimberley Reef Advanced	16569 4 165 522 632 41 15.2 625	4 179 29 841 3 992 627 693 63 14,1 890	17 213 29 841 12 406 1 826 1 991 63 16.1 862	OPERATING REGILT Mined Ore milled Gold produced Yield Working revenue Working revenue Working revenue Gold price received
Capital expenditure Estimated total capital expenditure for the ref #1279 600. Commitments in respect of contracts placed — Philidents A dividend of 246 cents per share was paid on 2 No. 8 Start Symbols Collar work is in propess at both the main and y	133 360 000. May 1988. rentlistion sha	Rs.		FEMARICIAL REFURITS Working revenue Working costs Working income Sundry income Sundry income Taxasion and State s.sh Income after textion a income.
MARIEVALE Consolidated Mil Consolidated Mil Cottpatry Registration No. 15 (1947/8/10) Destina: C.R. Notcher (Chairman), J.M.A. Burla; F.S. Cl R.S. Monarchi: R.A. Smith; H.A. Smith; Aphermana: O.J. Borgman; G.E.R. Brice; P.J. Cook; P. Taly British	nes L	P.Y C		Capital expenditure ap Divident doctored DEVEL DYNAMY - Mr Advanced on reed Sampled: Chemical width Average value - gold
	Ouarter ended 30,5, 1986 14,454 86,000 253 2,8 69,60	Ouarter ended 31.3.1996 15902 88 000 251 2.8 71,57	6 months small 30.8, 1996 30 358 174 000 504 2,9 70,50	Capital are enditore Extracted bird capital R2619 000. Commements in respe Dividende Advidend of 190 cente
Working casts (RY milled) Working income (RVm* mined) Gold price received (RY milled) Gold price received (RY milled) (Shar) Working revenue Working costs Working income	60.08 367.48 9.52 23 248 343 6986 5 167	66,90 370,21 4,67 25 029 340 8 298 5 887	63,53 364,15 7,07 24 135 342 12,284 11,054 1,230 206	Propriet Company Registration Directors: Cal National (Cl RA Smith. Alternates: 6.1. Bergman; 1 Photos
Sundry incorns - net Tributa net orgalise - net Incorne before traction Taxation Incorne after taxosion Cepital expenditure Dividend declared Device of the second of the	886 138 R748 176 1126	139 560 93 R457 74	1436 231 R1205 249 1 125	OPERATING RESEARCE Mined Ore milled Gold produced Vield Working revenue
Advanced (m) Advanced on reat (m) Sarrysiod (m) Channel width (cm) Average value - gold (gr) ORE RESERVES so at 30 June 1906	582 301 284 58 7.2 420	819 343 339 38 11,9 461	1201 844 823 47 9.1 437	Working costs  Working income. Gold price received  FINANCIAL RESULT!  Working revenue  Working costs  Working income
Tone (000's) Available Stope width (cm) 132 Value -gold (gr0) 5.5 Cen reserve poy limit was calculated at an estimated at an e	150 119 6,7 602 sted gold price			Sundry income - net Tribute and royalties - r Income before textion Taxation Indome after textion Capital expenditure Dividend declared
RB22 000. Commitments in respect of contracts placed — Ri	462 000.			DEVELOPMENT
On 5. June 1986 dividend No. 92 of 25 cents shareholders registered on 20 June 1986. D \$August 1986. B \$August 1986. B \$Bold forward ackse Working reverue includes the effect of closing the quarter.  UNISEL Gold Mines Limi	out of torwer			Advanced (n Advanced on refe in Sampled (n Charnel width (cn Average value — gold (cm.g) ORIE RESERVES as at
Company Registration No. 727/0504/05 Offensters: E. Pavin (Chairman): Dr. J.J. in R. Offenst P.J. C. Dr. J. Kanyon *; N. R. Lungstor **; C.R. Nesscher; N.A. Smith American: D.J. Baryman; P.S. Charles 1994; S. Vannag G.C. R *British Issued capital – 25 000 000 shares of an per value.	romenger"; LC.F I; K.C. Whyte. Geffi; T.J. Mande	vitz: J.G.A. Jurny Poor: M.V. Nymer Quarter	f: Smonths	Tons Stope width Value — gold Ore reserve pay limit ve RENEARMOS Capital expenditure Extracted total capital
GFERATING RESULTS  Mined	anded 30.6.1996 88.498 348.000 2.401 6.9 172,16 57.97 303,38 114,13 24.455 341	encled 31.3.1986 95 752 335 000 2 381 7,1 165,51 56,55 263,81 112,95 23 540 337	30.6. 1996 198 689 198 689 1 029 000 7 183 7,0 178,35 55,57 289,58 122,38 25 309 334	R2 956 000. Committee in respect Dividende De Suna 1986 divide stockholders registere 8 August 1986. Promping of extraneo An amount of RSSA 16: R786 889) for water sup ROTES  1. Development: values
FRIANCIAL RESULTS (R*600) Working revenue Working costs Working costs Working costs Sundry income Sundry income Income before tauation and State's share of income Toution and State's share of income Income siter tauation and State's share of income Capital sepanditure	59 890 20 174 39 715 2 175 (1 687) 40 204 24 375 R15 828 3 214	56 786 16 945 37 841 2 468 (1697) 38 622 23 978 R14 644	183 348 57 537 120 817 6 780 (5 060) 127 531 80 236 847 282	allowance has been to whose estimating one  2. All financial figures in  3. The quarterly reports ourspeaking by two dis- compession by two dis- compession by two dis- compession by two dis- compession of two distributions  — All release publish respective financial  — Unavailable near tea during the next tea  — Ingocontable one ret
Divingend Gocurso  Construented St. 1866 St. 1866 Sani Mich Lunde Ra Dicustionation Rad Rad Rad Rad Rad Advanced Au) 1948 12 590 17 Advanced 40 22 425 2	Genetarist 31.2.1 sel Middle Loa sel Roal R 93 15	25 200 lef åi lik jur Bussi M	25 200 mentite and/of 32.6.1305 felde Lander Rest Rest 90 1409 17 1 108 16 1 023	of the Me of the min  5. A policy has been ad for strategic purposes  8. The accounting poli- respect of consumal transferred to a distril
Checkel width (cm) 100 218		28 113 35 168 194 1801 3	220 22) 15,4 3,8 1628 672	Registered and bend of General Mining Building B Hellard Street Johannesburg 2001 Loudon office and set Genoor (UK) Limited -30 Ely Place
#5 337 000. Commitments in respect of contracts placed - R/ Wisidenda				London EC1N BLIA

Compeny Registration No. 59/01124/06 Hectory C.R. Netscher (Cheirmant; J.H.J. Burke; I I. Seenhamo: M.A. Wester. Harresten. D.J. Bergman; P.J. Cook; J.A. du Piessr Ssuéd Capital — 16 000 000 shared of 65 per	e. O.J.D. Ross; J.C. W	ne; 6,74§. (und; Plamae,	H.A. Emitr;
OPERATING RESULTS	Quener anded 30.5.1986	Quarter ended 31.3, 1986 75 209	9 menths ended 30 6, 1986 230 980
uined Die milled Seld produced (Armille Field (Armille Field (Armille Field (Armille Field (Armille Field (Armille Field	ka) 950	346 000 900 2.6	1 051 000 2 893 2.6 64.56
Norking casts	yar 4e,ər adi 216.4∩	64,33 46,72 214,93 17,61	46,93 213,55 18,03
Norking income (R/s mill Gold price received (R/s GALANCIAL RESULTS (R*000)		24.392 327	24 892 330
Working revenue	4067	22 258 16 166 6 093 451	68 275 49 375 18 950 1 556
Sundry income – net Inbute end royalities – net ncome before taxetion and State's share o income jaxation and State's share of income		(13) 6531 3,899	20.454 12.056
Svation and State agness officered in come after tecesion and State's chare of income	RQ 257	R2 632	R8 398 472
Dividend declared  DEVELOPARIST — Kimberley Rest Advanced Advanced on reel	— (m) 3445	4 800 3 291 1 062	4 800 9 9 7 8 2 7 9 1
Rovanced on roof Sampled	(m) 776 (m) 791 (m) 22 (gh) 20,9	1 051 13 26,8 348	2 768 15 24.5 372
RENIARICS Capital expenditure Estinated total capital expenditure for th 8246 000		he current fin	
nzao sto. Committments in respect of contracts place Dividends A dividend of 30 cents per share was paid o			
During milling A total of 64 000 tons (March quarter 63 00 Gold forward spice		es Surfece de	umps.
Working revenue includes the effect of cl the quarter.	losing out of locu	erd sales con	stracts during
KINROSS Mines Limited			
Compenny Registration No. 53/05225/05 Breatons: J.C. Pritz (Chairment: J.H.J. Burke; F.S. C. Strangther, N.A. Simon NA. Welson, Barnethas: O.J. Bergran, P.J. Cook, J.A. du Pleasi	Clarke; P.J. Byessen; V	V.S. Evans, B.N.I	B. Lund; Iomae
ssued capital — 18 000 000 stock units of A1	Quarter ended	Quarter	9 months ended
PPERATING REGILTS  Aned	30.6. 1986 n²) 131 513 .tt) 526 000	31,3,1986 127,763 535,000 3,296	30.6.1986 397 998 1 620 000 16 105
Sold produced	ori 6.1 adi 144,99	6.2 151,95 61,28 256,60	6,2 159,09 67,45 250,13
Vorking costs   River min. Vorking Income   River mink. Sold price received   Riv. (S)	ka) 23799	90,67 24 587 337	97.64 25.432 336
MANCIAL RESULTS (R'000) Vortang revenus Vortang costs Vorting income	40 556	81 295 32 784 48 61 1	257 729 98 551 158 178
Sundry income —rest neome before taxetion and State's share o neome sexation and State's strare of income neome atter texation and State's shall etc	2 533	3 144 61 655 32 295	9056 167 234 105 743
September of the septem	4991	R19360 A029 34200	R61 491 13 367 34 200
SCARGE COMMENT - Vicebarius Dani		· -4782	·· 15411 3907
Advanced on reel	Art broke	1 184 52 14.9 768	3687- 43 17,7 764
Proprietary Mil Company Registration No. 61/02089/06 Insubera: CAT Natucher (Chairman); J.H.J. Burley: I.A. Smith Internation: 6.J. Bergman P.J. Gook: J.A. du Pleob	nes Lir	ne; P.Y. Forest",	
Proprietary Mil Company Registration No. 01/02069/06 Ameteria: Cut Natacher (Chairmani; Julu.) Burkey, I.A. Smith. Barbanesses: G.J. Bergman; P.J. Cook; J.A. she Plead Britan Brown Capital — 11 436 \$18 stock units of 25 sound capital — 11 436 \$18 stock units of 25	nes Lir F.E. Clarke; W.B. Evel is; D.J.D. Roes; P. Talj ; cunte sects. Ouerter ended	os; P.T. Forest", surd. Quarter encled	G.D. Rees; 6 manths ended
Proprietary Mil company Registration No. 01/02089/06 finctora: CJI Natischer (Chakmani; J.H.J. Burky, I.A. Smith. Hamasser: 6 J. Bergman; P.J. Cook; J.A. ske Pheel Britan Browd capital - 11 438 \$18 stock units of 25 DPERATING RESULTS	F.E. Clarker, W.B. Evaluar, D.J.D. Roser, P. Tail counts each. Cuarter ended 30.6, 1986 m²) 116043 .49 45000	Ouerter ends 31.3.1966 115.805 440.000	6 manths ended 30.6.1988 22598 886.000
Proprietary Mil Company Registration No. 01/02089/06 Rischera: CJI Natischer (Chakmani; J.H.J. Burky; I.A. Smith. Barnesser: GJI Sergman; P.J. Cook; J.A. dar Pleed Britan Souved capital — 11 438 \$18 stock units of 25  PPERATENG RESULTS  Mined  for millied  for millied  fold  filed	F.E. Clarke; W.B. Evalue; D.J.D. Rose; P. Tail conte each. Guerter ended 30.8. 1996 m²) 116043 (a) 445000 (a) 1367	Ouerter ended 31.3.1906 440.000 3.4.82,15 59,15	6 manths ended 30.6. 1988 225 948 886 000 2 849 3.2. 79,50 58,86
Proprietary Mil Ompany Registration No. 01/0208906 Rectors: CJt National (Chairmen); J.H.J. Burke; International Control (Chairmen); J.H.J. Burke; Rectors: CJt National (Chairmen); Rectors: Recto	F.E. Clarke; W.B. Even is; D.J.D. Hoes; P. Yaij i; Cunits each.  Quarter ended 30.6, 1986 int <sup>2</sup> ) 116043 445000 1367 g/t/ 3.1 edd 74,88 edd 60,55 edd 14,38	Ouerter ended 31.3.1966 115.805 440.000 1 482 3.4	6.D. Rees; 6 manths ended 30.6.1988 225 948 886 000 2 849 3.2 79.50
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United Kingdom: Hill Semuel Registrers Limited 6 Gicencost Place London SW1P 1PL

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# Undaunted Dixons turns in £78m

FOR THE second year in succession profits have almost noubled at Dixons, the electrical retailing group which earlier this month failed in a £1.8bn hid for the Woolworth high street retailing chain.

The pre-tax result for the year ended April 26 1986 showed a 97 per cent rise to £78.1m, the company forecast when it made its increased offer last month. The figure included a £30.7m full year contribution from Currys, which was taken over by Dixons at the end of 1984.

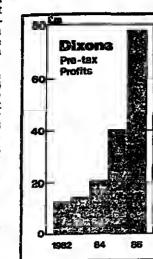
The figures announced yes-terday also confirmed the cust of the failed Woolworth hid at in as an extraordinary charge.
Mr Stanley Kalms, the chairman, said yesterda ythat "the failure to acquire Woolworths was largely the result of a shift in City sentiment against large

"The group will continue to seek to identify growth oppor-tunities, but only at a price which will henefit share-

holders, he added.
Mr Kalms also announced Mr Kalms also announced details of the group's continuing expansion programme. In the current year capital extenditure will exceed £59m, of which over £50m relates to shop expansion for Dixons, Curry and Power City, the outof-town electrical retailing operation. The growth plans include more than 100 new shops and over 175 refurbishments.

The chairman said that the year had started extremely results."

Total group sales rose 55 per cent to £943.4m after VAT, with the retailing operations again by far the largest contributor, both in terms of sales and profits. Retailing sales were up 62 per cent at £861.3m, producing prof its 110 per cent at £855m. All the group's other activities—property development, processing, overseas and finance—showed substantial profit gains on smaller turnover increases.



Mr Stanley Kalms, chairman of Dixons

well, and that continued expansion was bringing "outstanding

With group earnings per share up from 8.2p to 14.1p, the dividend for the year is doubled to 3p with a final of 2.4225p (1.02p adjusted for scrip issue). This will account for £11m (£5.5m), leaving a retained profit for the year of £27.2m

Reviewing divisional operations. Mr Kalms said that in Dixon's Retail 11 new branches were opened, and 18 resited or extneded. It increased its selling area by over 50,000 sq ft and reserves increased to 578,000 sq fs, an dsales per f172m.

See Lex

£633. Ovarali sales rose 26 per ceni to £345.8m. "Outstanding growth was schieved in portable video (up 300 per cent), bl-fl (np 70 per cent), home computers (up 76 per cent) and microwsve ovens per cent; and microwave ovens (up 41 per cent)," said Mr Kalms. Saisho and Miraoda, which are exclusive Dixons brand marks, had achieved sub-stantial market sbares.

stantial market sbares.

Currys had what the chsirman described as "an outstandingly successful yesr." Salges grew 27 per ceot, and sales per sq ft by 21 per cent. Currys launched its exclusive TV, video and audio hrand, Matsul, last September, and this now accounts for over 25 per ceot of Currys' hrown goods sales. Market sbare in colour TV and video doubled.

video doubled.

In the processing division market volumes were affected by the poor summer last year, but taxable profits rose to £2m (£1.2m) on sales of £34.8m (£3.0.3m). video doubled.

(£30.3m).

Property made profit of £5.5m (£3.5m) on sales of £22.1m (£21.5m), with more than 25 projects at various stages of completion. The finance and overseas division increased profits by 43 per cent to £5.3m, and a joint venture has been signed with a Next subsidiary which will enable it to exploit Dixons credit card base.

Deht relating to the Currys

Deht relating to the Currys buy was cut during the year, with gearing down from \$1 per cent to 15 per cent. Capital

## Bestwood bids £17m for Barrie

By Clare Pearson

Bestwood, the investment group, is making an offer worth group, is making an oner worth £17m for fellow financial ser-vices, property and engineering concern, Barrie Investments & Finance, in which Bestwood has built up a 29.96 per cent

This comes just weeks after Bestwood's £10m unsuccessful hid for financial services husi-ness, Country Gentlemen's

Mr Tony Cole, chairman of Bestwood, said: "As hoth Best-Bestwood, said: "As hoth Bestwood and Barrie are involved in the property and financial sectors, we believe that the iodividual strengths of each group will complement each other."

Mr Geoffrey Suckling, Barrie's chairman, meanwhile dismissed the bid as "wholly inappro-

Its property interests are chiefly centred on letting and developing commercial proper-ties, but it is also involved in leasing to local authorities, and in providing mortgage advances to the general public. Bestwood's interests include

ment services and engineering services to the exploration and

drilling industry Bestwood is offering four of Bestwood is offering four of its own shares for every 125 Barrie ordinary shares, with a 16p per share cash alternative. On the basis of yesterday's closing price of Bestwood shares, down 40p on the day to 555p the share offer is worth 17.8p per Barrie share and values the company at £17m. Barrie's shares closed at 154p, down 1p on the day.

# Regalian to profit on police deal

Regalian Properties is paying seven.

worth double that figure once £3m of refurbishment work has heen completed.

The property group will be parting with £565,000 in cash but the bulk of the consideration is covered by a vendor placing of 1.17m ordinary shares at 551 ftp per share. Demand from investors was high and de Zeote & Bevan, brokers to the issue, had to scale down applications by a factor of the constant of the consideration investors was high and de Zeote & Bevan, brokers to the issue, had to scale down applications by a factor of the constant of the consideration in the constant of the consideration in the constant of the co

The company also announced frm for 72 former police In the market Regalian's yesterday that it has entered accommodation flats in the City shares climbed 15p to 600p, into an agreement with Arling-of Westminster which could be having come up from under ton Securities to huy the apartworth double that figure once 100p a little over a year ago. ment portion of Arlington's mixed leisure and residential development at Port Solent. Portsmouth, at a cost of around

> The site should become available in 1888 and will be developed with 140 apartments, the majority with marina berths, which should be ready for occupation in 1988. The project will have a realisable value of £14m at current prices.

# AE makes strong attack on Turner & Newall

BY CHARLES BATCHELOR

Sir John Collyear, AE's intervalional markets, Sir a large part of its profits from tunstable countries with weak wrote.

Currencies in Africa while it also faced a continuing burden of litigation concerning aspectos-related discovery.

osted yesterday T&N argued T&N shares and £6 in cash that component suppliers to the automotive and accordance to the component suppliers to the cash for every 10 AE shares there were the component suppliers to the cash that t

AE, the engineering group in the manufacture of technithe bid as "wholly inappropriate."

Barrie has been diversifying ont of its engineering business since it changed its name from Abwood Machine Tools in 1983.

Its property interests are by inherent and serious prob- turnover of £900m to match the

of litigation concerning asbestos-related diseases, competitive position; cost and He compared AE's rate of efficiency improvements in spending on research and development of £10m or 2.6 per cent of turnover with marketing; and tax savings T&N's rate which be said amounted to only 1.6 per cent formal offer document to turnover in 1985.

In its formal offer document the combined group's competitive position; cost and efficiency improvements in research and development, administration, distribution and which should contribute at least turnover in 1985.

The offer comprises six new the provided vesterial of the combined group's competitive position; cost and efficiency improvements in research and development, administration, distribution and development and formal offer contribution.

that component suppliers to the states and 15 in Cash automotive and engineering to N's shares 1p down at 215p industries needed to be larger yesterday the offer is worth to operate on a world scale.

Both companies were engaged shares were unchanged at 233p.

Lookers said that the outlook for the second half was good with the traditional surge in new car purchases in August still to come.

## Lookers family share disposals

Members of two family share-holders in Lookers, the Manchester-based car dealer, have sold a combined 20.6 per cent stake in the company.

Lloyds Merchant Bank has acquired and is heneficially interested in 7.18 per cent and the balance has been placed by brokers Gordon with a number of Included in the disposal are

the beneficial shereholdings of Mr R. E. Tongue and his family (6.7 per cent) together with a non-beneficial stake of 0.73 per cent. Mr Tongue bas resigned from the Lookers board.

The announcement comes after last month's announce-ment by Lookers that it had raised pre-tax profits for the six months to March 31 to £1.25m (£1.01m). Group turn-over was up from £78.05m to

# Harris outlines **GUS** deal potential

Sy Charles Batchelos

Harris Queensway, the carpets and furniture retailer, and Great Universal Stores and Great Universal States (GUS), the mail order and stores group, would together be well placed to carry out major acquisitions in the retailing sector, Sir Philip Harris, Harris's chairman, said yesterday.

said yesterday.

Sir Philip was speaking following the exchange of contracts for a £146m deal-first announced in May whereby Harris is acquiring GUS's Times Furnishing and Home Charm stores and GUS will take s 23 per cent stake in Harris. In addition, Sir Philip will become a non-executive director of GUS.

"With GUS's cash and our management skills the opportunities are there for us to do other acquisitions." Sir Philip said. "If the market dropped by half and we could huy things at sensibla prices we could take over a terge company. Both Harris Queensway and GUS have strong halance sheets."

Sir Philip said he would have loved to have been in a position to hid for Currys, acquired early last year by Dixons, and Mothereare, which merged with Hahltat and subsequently with British Home Stores.

Harris Queensway's shares rose 160 to 2520 yesterday

Harris Queensway's shares rose 16p to 252p yesterday after Sir Philip and other directors spent the day explaining the benefits to City analysts of the GUS link-up. The deal was cheaper, for Harris, than it had at first appeared, he said.

Harris had appeared to be paying f146m in shares for companies making total profits of just £3.5m, Sir Philip said. This comprised about £2m from Times and Home Charm, after charging store

£2m from Times and Home Charm, after charging store rental, and £1.5m from Poundstretcher, the discount store group in which Harris is haying back the 20 per cent bolding sold earlier to GUS. But Harris expects to make cost savings of more than £8m on these operations and increase Times turnover by 10 per cent by more efficient

increase Times turnover by 10 per cent by more efficient distribution.

It expects to make a £500.600 saving on the disposal of GUS's leased carpet cutting fastory in the North of England, concentrating work on Harris's factory at Swanley, Kent.

The rental bill for the stores Harris is taking on will be much less than at first expected because of a large

pected because of a large number of short-lease shops with low rentals. The addi-tional rent bill is expected

tianal reut bill is expected to be £12.5m, half City estimates, Sir Philip said.

The 175 Home Charm stores will slim their range to concentrate on wallpaper and paints while some stores will be turned over to textiles. Harris plans to launch a discount carpet chain later this year in some of the stores.

Harris plans to "sell" £70m Harris plans to "sell" £70m of gross hire purchase debt swed by Times customers to a separate credit speration to be owned jointly with GUS and Lembard Tricity Finance for about £56-55m.

Together with £35-49m worth of Harris hire purchase date and short £78m of date

debt and about £20m of debt from GUS the new credit com-pany would start with a deht book of more than £129m and 500,000 customers.

# Higgs and Hill in £32m bid for Southend Estates

Higgs and Hill, the intertational construction and proporty group, is making an agreed bid worth up to £32.4m for sonthend Estates Group, an unisted property development company.

Higgs is offering £39.1m in good move for Southend.

Immediately following the scutistion, over 50 per cent of Higgs profits will come from alternative share, complete the property development.

Mr Mick Datson, deputy chairman of Southend, said: "We are convinced it is an extremely good move for Southend."

There is alternative share, complete the property development.

Mr Mick Datson, deputy chairman of Southend. There is alternative share, complete the property development.

Southend.

There is alternative share, complete the property development.

Southend.

There is alternative share, complete the property development.

Southend is alternative share, complete the property development.

Southend.

There is alternative share, complete the property development.

Southend is alternative share, complete the property development is alternative share, complete the property development.

Southend is alternative share, complete the property development is alternative share, complete the property development.

Southend is alternative share, complete the property development is alternative share. national construction and property group, is making an agreed bid worth up to £32.4m for Sonthend Estates Group, an un-listed property development

empany.

Higgs is offering £39.1m in shares for Southend, with an additional £3.3m, dependent upon the approval of a planning application by Southend for a residential development in

man, said: "The acquisition is a natural one, because it will give us Southend's substantial land bank and allow us to expend in a geographical area where, at the moment, we have

Higgs plan to expand its housebuilding operations from its existing markets in Somerset and Hampshire, to East Anglis and Essex, the base of Southend's property interests.

Southend increased its pre-tax profit from £2.25m to £2.47m in the year ending March 31 1986, after turpover rose from £10.4m to £13.79m. Shareholders' funds at that date smounted to £18.27m.

Mr Brian Hill, Higgs' chairsmounted to \$18.77m.

The two companies have held detailed discussions over the past several months, and have arrived at a deal which Mr. Datson described as "an extremely logical deal fit for both companies."

Wiggs is offerled 100 of its

Higgs is offering 100 of its own shares—plus nine units up to a maximum value of £7.50 per share in Southend if the planning application is approved—for overy nine shares in

There is also a partial cash alternative worth £61.94 per share, comprising £29.25 of the Higgs shares and £32.69 in cash. The offer is conditional upon

Higgs receiving a valuation of at least £19m on four land bank sites owned by Soothend, ea-cluding tax liabilities. Irrevocable acceptances for the Higgs offer have been given on hebalf of 27.6 per cent of the Southend shareholders, which include 7.2 per cent held by the

director. Despite a decline in its overseas construction workload,
Higgs reported its fifth ronsecutive year of growth in 1985
with a rise from £7.19m to
£8.58m in pre-tax profits,
Turnover rose marginally from
£189.66m to £192.47m.
Higgs is being advised by
J. Henry Schroder Wagg and
Morgan Grenfell is advising
Southend. Despite a decline in its over-

# Eurotherm prospects buoyant

AFTER A disappointing first half, Eurotherm International electronic equipment maker, is launch of expecting the pre-tax profit for printer. the year ended October 31, Mr L 1986 to be similar to the pre-them them

vious year's £9m.

The group reported that in the first half, sales rose from £38.48m to £43.5m, but pre-tax profits fell from £3.49m to £3.35m. Overall the business remained healthy but the two E3.35m. Overall the business remained bealthy, but the two major factors affecting the result were the performance in the US and the printer activities (Infoscribe), said the chairman Mr J, L. Leonard.

He was convinced that prospects remained busyant but

pects remained buoyant, but stressed that the reduced midway profit and the continuing sluggishness in the US could sluggishness in the US could not be overcome in six months. Meanwhile, the interim dividend is beld at 1.5p net from unchanged earnings of 7.1p.

The printer company, Infoscribe in the US, was expected to move towards break-even in the period; but was affected hy the economy, and also suffered from the impact of the Gramm Rudman Act. This beld up government purchasing in a sector where Infoscribe had been doing well.

Mr Leonard said between

them the companies lost over £800,000, shared approximately equally. However, the flow of orders had improved, and overheads were being rightly controlled. Elsewhere, good results were schieved by all companies in Continental Europe, Eurotherm and TCS in the UK showed

healthy profit increases, SSD continued to perform well, and SSD Corporation in the US was progressing ahead of expectations Of the half year's sales, the UK accounted for £16m (£13.8m) and overseas for £27.4m (£24.7m). Net interest payable was up to £723,000 (£484,000).

Tax took £1.38m (£1.58m) and minorities £25.000 (£5.000).

In the UK. Infoscribe was developments in some foreign obliged to delay further the market place and Dr Jack launch of the new model 2000 Leonard warns of a flat full year result. In hetween such events the company denies it is in a cyclical business dependent on the capital spend of beavy industry on both sides of the Atlantic. Eurotherm may seek to eoconrage creativity at home but it does appear too ready to accept excuses for poor results and then hlame the City for not sharing its generous inclina-tions. As the group consists largely of a series of one-product companies this is a rather important failing. Info-scribe, with £800,000 in losses at the halfway merk, is a case in point. Breakeven has been promised more than once as has resolute action if the unit does not get its bouse in order. The results being that we want to see for another six months in case the corner is turoed. The impact Tax took £1.38m (£1.58m) and minorities £35,000 (£5,000), leaving the attributable profit at £1.93m (£1.91m).

• comment

Every three years comes a black July and Eurotherm surprises the market with a bad set of interim figures blaming adverse

Brown &

Jackson sale

# TV-am allocation details favour smaller applicants aller applicants Brown & Jackson, the marketing. distribution and commodity trading company, has surprisingly sold its final to per cent bolding in Paul Michael Leisurewear, the loss-

BY RICHARD TOMKINS

Kleinwort Benson,

on offer. This excludes will go into a weighted ballol for 300 shares will go into a weighted ballol for 300 shares.

Applicants for 3,500 shares will receive 300. Applicants for TV-am said vesterday that. some employees and a large number of multiple applications which have been rejected.

TV-am said yesterday that it was delighted with the response and was particularly pleased at the wide range of applicants. In working out the allocation the company had given preference to small shareholders in recognition of the interest shown by TV-am shore senting the properties of the number sought.

If or 300 shares.

Applicants for 3,500 shares will receive 300. Applicants for 3,000 shar

merchant bank, yesterday concants was oversubscribed and fichael Leisurewear, the loss-firmed that the offer for sale many employees will have making footwear and knitwear of shares in TV-am, the break their applications scaled down.

fast television station being Applications from the public neavily oversubscribed.

Some 41,000 applications for 200 to 800 to 800 applications shares will go into a weighted safer it sold a controlling 55 per cent stake in Paul Michael to cations for 1,000 to 3,000 shares and applications for 1,000 to 3,000 shares ballot for 200 shares and applications for 1,000 to 3,000 shares are cent stake in Paul Michael to cations for 1,000 to 3,000 shares are likely to hold the 10 per cent stake for some time after it sold a controlling 55 per cent stake in Paul Michael to cations for 1,000 to 3,000 shares are likely to hold the 10 per cent stake for some time after it sold a controlling 55 per cent stake in Paul Michael to cations for 1,000 to 3,000 shares are likely to hold the 10 per cent stake for some time after it sold a controlling 55 per cent stake in Paul Michael to cations for 1,000 to 3,000 shares are likely to hold the 10 per cent stake for some time after it sold a controlling 55 per cent stake in Paul Michael to cations for 1,000 to 3,000 shares are likely to hold the 10 per cent stake for some time after it sold a controlling 55 per cent stake in Paul Michael to cations for 1,000 to 3,000 shares are likely to hold the shares will go into a weighted ballot for 200 shares and applications for 1,000 to 3,000 shares are likely to hold the shares will go into a weighted ballot for 200 shares are likely to hold the shares will go into a weighted ballot for 200 shares are likely to hold the shares will go into a weighted ballot for 200 shares are likely to hold the shares will go into a weighted ballot for 200 shares are likely to hold the shares will go into a weighted ballot for 200 shares are likely to hold the shares will go into a weighted ballot for 200 shares are likely to hold the shares will go into a weighted ballot for 200 shares are likely to hold the shares will go into a weighted ballot for 200 shares are likely to hold the shares will go into a weighted ballot for 200 shares are likely to hold the shares will go into a weighted ballot for 200 shares are li

group.

shareholders in recognition of the interest shown by TV-am viewers.

The 10 per cent of the issue will begin next Wednes
will receive about (3 per tent national business information group.

Letters of allotment will be group.

Reuters "B" shares closed at ings will begin next Wednesday, valuing the salo at £9.6m.

Brown indicated last week that it was likely to hold the

# Granville & Co. Limited Member of The National Association of Security Basiara and Investment Managers

The following is the statement of Lord Cayzer, Chairman, made at the Annual General Meeting held on 16th July,

**CALEDONIA INVESTMENTS** 

**PLC** 

On previous occasions, I have prefaced my remarks by referring to my comments at the Annual General Meeting of The British & Commonwealth Shipping Company which by tradition has been held earlier in the day of our own meeting. Not so this time, for that meeting took place three weeks ago and the separation, for reason of different secounting dates, will continue.

In my published statement, I endeavoured to put shareholders on notice that there was the possibility of yet another separation, this time in terms of distributions to shareholders. We are rather more than a conventional investment trust holding one principal investment and I feel that the time has come to reflect on whether or not we would be better placed for the future if we sought—so to speak—to put a little more flesh on our bones in terms of greater retentions than hitherto.

It is early days yet so far as the fortunes of our trading subsidiaries are concerned. Overall they produced an excellent result in the year just gons and I am confident that their respective managements will each do all that they can to see that the progress is maintained.

At this Meeting I am always happy to say my word of thanks to these who have contributed to the success of the Company.

8 Lovat Lane London EC3R 88P Telephone 01-621 1212 Company

Ass. 3rft. Ind. Ord.
Ass. Brit. Ind. CULS.
Airsprung Group
Armitage and Rhodes.
Sardon Hill
3rsy Technologies
CCL Ordinary
CCL 11pc Conv. Pl.
Carborundum 0rd.
Carborundum 7.5pc Pf.
Raborsh Services
Frederick Parksr Group
George 3lair
Ind. Preclaion Castings
Isis Group
James Burrough SpcPf.
John Howerd and Co.
Minihousa Holding NY
Record Ridgway 10pcPf.
Robert Jenkins
Scruttons "A"
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Over 5 up to 6 Over 6 np to 7 Over 7 np to 8	84	9 <del>1</del>	91	101 101	10 <del>1</del> 10	10 10 10 10 10 10 10 10 10 10 10 10 10 1
Over 5 up to 9	9 <u>†</u>	9 <del>1</del> 9 <del>1</del> 91	9 <del>1</del> 9 <del>1</del> 9 <del>1</del>	10 10 10	10 10	1 <del>0  </del> 10
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non-quota loans A. t by half-yearly annuit principal and interest	r (fired	marall.	nems of	Pillcipal.	‡ Re	раушев

### U.S. \$100,000,000 The Sumitomo Trust Finance (H.K.) Limited (Incorporated in Hong Kong)

125% Guaranteed Notes Due 1992



NOTICE IS HEREBY GIVEN that pursuant to Condition 5(c) of the Notes, US 53,000,000 principal amount of the Notes has been drawn for redemption on 18th August, 1986, at the redemption price of 101% of the principal amount, together with accrued interest to 18th August, 1986. The serial numbers of the Notes drawn for redemption are as follows:—

25 1041 2037 3269 4800 5963 6810 7672 8504 9628 10876 11800 13243 14041 14877 15808 16754 17644 18483 19103 60 1121 2041 3271 4848 5982 6826 7702 8506 9680 10982 11828 13247 14072 14885 15851 16755 17668 18485 19120 112 1181 2065 3294 4869 6040 6846 7727 8514 9693 10996 12004 13271 4880 14921 1929 16765 17753 18501 19191 205 1213 2124 3350 4940 6045 6867 7740 8550 9849 11010 12027 13296 14137 14974 15932 16791 17761 18550 19229 212 1218 2134 3359 4966 6048 6872 7830 8612 9927 11035 12101 13344 14180 15011 15946 16852 17795 18583 19258 213 1247 2142 3371 4968 6061 6924 7870 8655 9934 11036 1210 13353 14203 15015 15954 16920 17804 18587 19286 216 1299 1217 3386 5024 6066 6985 7904 8864 9947 11074 12214 13359 14229 15059 15956 16990 17857 18593 19258 216 1329 1247 2142 3371 4968 6061 6924 7870 8685 9934 11036 1210 13353 14203 15015 15954 16920 17804 18587 19286 216 1323 2189 3425 5074 610 7000 7922 8721 9993 11139 12250 13361 14265 15060 15996 17008 17857 18593 19254 316 1323 2189 3425 5074 610 7000 7922 8721 9993 11139 12250 13361 14265 15060 15996 17008 17857 18639 19355 360 1369 2198 3423 5149 6108 7067 7968 8810 10038 11164 12254 13363 14292 15069 16201 17075 17859 18664 19371 423 1848 2265 3455 5158 6124 7080 7972 8811 10095 11201 12255 13361 14318 16221 177110 17901 18693 19384 445 1382 2504 3488 5182 6228 7702 8005 8848 10102 11274 12382 13416 14398 15159 16226 17118 17908 18716 19405 445 1392 2504 3488 5182 6228 7702 8005 8848 10102 11274 12382 13416 14398 15159 16226 17118 17908 18716 19405 445 1392 2504 3487 5182 6228 7705 8013 8876 10103 11255 13301 1444 1478 15164 16223 17152 17934 18763 19542 445 1392 2504 3488 5182 6228 7729 8013 8876 10103 11255 13301 1444 1478 15164 16223 17152 17934 18763 19542 445 1392 2504 3486 14475 15257 16356 1728 3734 5361 6386 7340 6405 7311 8207 3036 1308 1308 12402 13442 14424 15165 16282 17166 17959 18785 19595 1561 1728 3734 5361 6385 7378 8398 10170 11337 12474 13475 14428 15181 16318 17167 17979 18826 19620 19795 1561 17728 3734 5361 6398 7379 18070 1908 11394 12667 1

On the 18th August, 1986, the said redemption price will become due and payable upon each Note to be redeemed, together with accrued interest from 20th February, 1986 to 18th August, 1986 amounting to US \$312.12 per US \$5,000 Note. On and after that date, interest on the said drawn Notes will cease to accrue. Payment of the Notes to be redeemed will be made on or after 18th August, 1986 upon presentation and surrender of the said Notes, with all coupons appertaining thereto, at the office of any of the Paying Agents mentioned thereon. After 18th August, 1986 US \$11,000,000 principal amount of Notes will remain outstanding.

The Chase Manhattan Bank, N.A., London, Fiscal and Principal Paying Agent

17th July, 1986

# Labour questions City role in Guinness row

BY PETER RIDDELL, POLITICAL EDITOR

THE LABOUR leadership That is irrelevant to the compessated as stepped up its came mitment to set up a board to paign over the changes by be chaired by Sir Thomas Risk, brewing group Guinness in its Governor of the Bank of Scot-proposed board structure for its land."

If Guinness is permitted to drive a charge and houses

Shares in The Shield Group, the North London property developer which joined the unlisted securities market last Thursday, closed 37p up at 155p yesterday on news that planning permission had been won for a potentially lucrativa development overlooking. Hampstead Heath.

The company came to the

Heath.

The company came to the market through e placing by brokers Capel-Cure Myers at 72p. It has therefore more than doubled its value within a week of its flotation.

The luxury residential devel-

Pond in Hampstead. The build-ing is thought to be at the highest point in London and Shield says the site is one of the most prominent and impor-tant ones for residential devel-opment in the capital.

Carlton Heath, e 50 per cent owned subsidiary of Shield, is due to start work on the devel-opment next year. Shield believes it will have a total resale value of over £15m.

The present old people's home owned by the Church of Christ Scientist will be demo-

proposed board structure for its recently acquired whisky subsidiary Distillers.

Mr John Smith, the shadow ment or a regulatory agency to Trada and Industry Secretary, secure compliance with the Undertakings what weight in Channon, the Trade and Industry Secretary, saying it was not satisfactory to leave the matter on the basis that following pressure from the Bank of England extra non-executive directors are to be appointed.

Governor of the Bank of ScotIndustry Scott and horses through the rules, what prospect is there for a properly regulated City after the Big Bang later this year? Mr Smith added.

His concern is shared by a large number of other Scottish Deswere from the Bank of Scott Enchange (Listed document?

Mr Guimness is permitted to drive a coach and horses through the rules, what prospect is there for a properly regulated City after the Big Bang later this year? Mr Smith added.

His concern is shared by a large number of other Scottish Deswere from the Bank of Scott Enchange (Listed documents) and the rules, what prospect is there for a properly regulated City after the Big Bang later this year? Mr Smith added.

His concern is shared by a large number of other Scottish Deswere from the England extra non-executive lations 1984, and I ask in par-

### Tranwood has 52.6% of Aitken Hume

Transped Group, shell com-pany beaded by Mr Nick Oppen-heim, has marginally increased the level of acceptances it has from the shareholders of Aitken Hume, the troubled financial services group for which it is bidding 189m.

90.

acceptances from the holders of 51.4 per cent of Aitken's shares and owns in addition a 1.2 per cent stake taking its total holding to 52.6 per cent. It also has acceptances and test controllers. acceptances not yet countable as valid from a further 1.5 per

# F. Sumner agrees £6m purchase of Astra

Francis Summer Holdings he former loss-making textile company yesterday announced an agreed fom bid for Astra Holdings, the Kent-based pyrotechnics group.

Terms are 64 new ordinary shares for every three Astra. Based on Summer's suspended price of 24p, the offer values each Astra share at 512p, or

Summer, which has sub-stantially reduced its exposure to textiles, said it was looking for an alternative core business to develop using its £1.5m spare cash. Last year, for the first time since 1981, Summer moved into the black, making £20,000 pre-tax profits, com-pared to a loss of £286,000 in

Astre's turnover rose fivefold in the last five years. In the year to March 1988, it made 2340,000 pre-tax profits on turnover of £6.1m.

The Astra board is proposing

The Astra board is proposing to apply a second interim dividend of 2.25p instead of the previously indicated 4.5p final, making a total payment for the year of 6.75p. Irrevocable undertakings from the Astra directors and Investors in Industry (24.1 per cent) amounting to more than 59.4 per cent of the commons have been given. of the company have been given.

# Magnet & Southerns picks up some lost ground to make £26m

WITH MARGINS improving in the second half, Magnet & Southerns picked up on the £4.8m profit shortfall shown at halfway.

For the year ended March 31 1986 the group has announced a pre-tax profit of 236m from a turnover of 5247.6m, in line with City estimates, compared with £28.19m from £220m in the previous year.

Earnings came to 9p (10.2p) but the final dividend is 8.2p for a net total of 5.2p (4.7p).

The directors said 1984-85 saw the group undertake a considerable changa in the emphasis and style of its business, taking it deep into the marketing of its products to the end user the consumer of home. end user, the consumer of home improvement products.

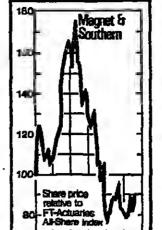
improvement products.

Mr J. T. Duxbury, chairman, said it was very encouraging to record a complete vindication of that decision. Not only were salas running at e considerably higher rate than the same period last year, but better margins were coming through, and management accounts for the current year ware showing a substantial increase in profits. By the end of March there were 83 supershowrooms operating. That had risen to 105 at present and by the end of next present and by the end of next March the number should be 150. The group was now operating from 251 outlats.

Last year merchanting

Ing from 251 outlass.

Last year merchanting suffared from the weakness of timber prices and the severe winter, Mr Duxbury stated. In



the current year it had been decided to close the Widnes office and concentrate the administrative functions of the group at Keighley. The reduced burden of central overbeads should make the branchas and

In manufecturing the year was one of consolidation. Reorganization of the metals division produced worthwhile dividends, the Lincoln woodworking factory again made a valuable contribution, and considerable progress was made in bringing Eastham's flat-pack factory in Fleetwood, bought during the

year, up to the group's standards.

The greatest progress, however, was achieved at Darling-ton where the factory-assembled kitchens were manufactured, and where output continued its

Magnet & Southerns' shares

comment

regularly boh around on bid speculation but the trend over the last year bas been gently np (after some years of not so gently down) end the group is at last on the hrink of some numbers that could trigger a decent rerating. The latest figures, with an almost 8 per cent setback at the pre-tax line and e 1.7 point drop in operat-ing margins, do not make the most exciting of reading but the timber merchanting division had a particularly rough year. But it is the potential for e sharp rise this year which is all important. The retail division. and its captive manufacturing operation, is pounding ahead. The Darlington factory, churning out kitchens, is already no to 30,000 units a week and by the and of this yeer it should be capable of donbling that figure demand permitting. Assuming that the marchanting side is not confronted with another winter like last pre-tax profits could leap to £37m dropping the prospective p/e to 13.8 at 184p

IFSAT/86 OUTSTANDING OPPORTUNITIES FOR
NEW CORPORATE
RELATIONSHIPS IN 1986
AND THROUGH 1987
Third Annual International
Exhibition, Financial Times Conference and Seminars 21st, 22nd & 23rd October 1986 AT THE BARBICAN LONDON Internetional Financial Services & Technology SPONSORS:
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John Lawton (City Office)
01-628 6225



### opment will take place on the lished and replaced by an site of the present Hawthorne eight-unit residential develop-House, adjacent to Whitestone **BOARD MEETINGS**

Shield shares up on news

of Hampstead development

lly .	· Ittions made		
ne	Bleck (Peter)	July	31
101	Tace	July	21
ž.	Throgmorton USM Trust	July	24
Ď	Antohabitan nom Hant Hilli		_
ad	Finela-		
	Alias Investment Trust	July	26
	Banks (Sidney C.)	Aug	e
C-	Burndape Investments	July	
w.	Crey Electronics	July	
D.	nee Comporation	July	
DL.	Gold Greenless Trott	July	
ñ.	Helton Harriston	July	
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ot	Hillarde		
	Norton Opax	July	
<b>18.</b> ,	Parrish (J. T.)	July	
_	Post	Aug	
T.	Quest Automation,	July	
n-	Unigroup	July	
15.	Viewplan	July	24
De	West Yarkshiru Independent		
-			

FUTURE DATES

### **DIVIDENDS ANNOUNCED**

	Carrent		Corre	Total	Total	
	Payment	payment .	div.	year	year	
Bogod-Pelepah	0.2		0.2	0.31	8.0	
Bogod-Pelepan "A"	0.4	·	0.4	0.62	0.6	
Brasway			1.25	2.25	12	ţ
HP Bulmer	3.05	Sept 8	2.66	5.29	4.9	•
Dixons		Oct 6	1.62*	3	1.5*	
Eurothermir			1.5		4.75	
Gen Cousel Tetir		_	3.5	_	11.1	
Magnet & Southerns .		Oct 1	27	5.2	4.7	٠
Moorgate Inv		Sept 1	7.5	14.2	11.5	
Osprey Comms	1.25		0.75	1.25	1.25	
Union Discountii		Sept 3	11		37	
Victoria Carpet	25	Oct 3	2	2.5	2	
Tidenda charm			execut		otherm	L

Dividends shown in pence per share except where otherwise stated. \* Equivalent after allowing for scrip issue. † On espital increased by rights and/or acquisition issues. ‡ USM stock.

# Nationwide **Building Society**

£250,000,000 Floating Rate Notes Due 1996

10.2250% per annun 15th July, 1986 to 15th October, 1986 £5,000 Note due £128.86 Interest Amount per £50,000 Note due 15th October, 1986

Ö

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£1288,63 Baring Brothers & Co., Limited Agent Bank

# The Union Discount Company of London, p.l.c.

At e Meeting of the Board of the Company held on 16th July, the Directors declared an interim dividend of 11p per £1 unit of Stock on account of the year ending 31st December, 1986. (1985-11p). This interim dividend will be paid on 3rd September, 1986 to Stockholders whose names are on the Register at the close of business on 12th August, 1986.

Interest rates and especially bond yields world-wide fell during the first quarter of the year, and although in the U.K. base rates rose sharply to 121/2% in January, they have since fallen steadily to 10%. The Company correctly anticipated these movements and as a result the overall trading performance for the first 6 months has been excellent

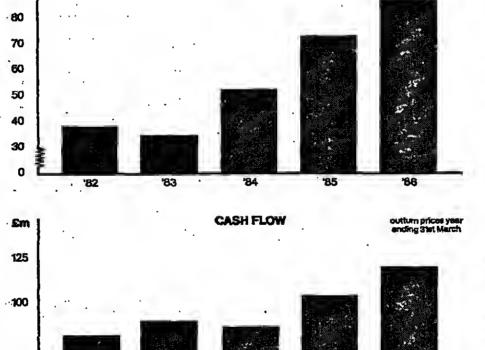


The Union Discount Company of London, p.l.c.

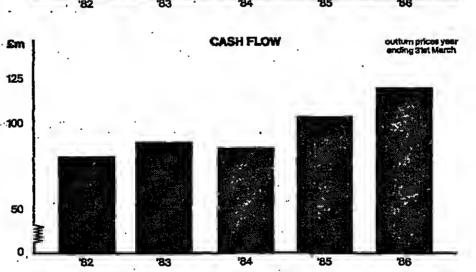
London: 39 Cornhill, London EC3V 3NU. Tel: 01-623 1020



# vear ot inued grow



TRADING PROFIT



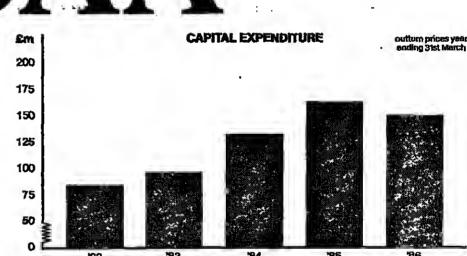
## Statement by the Chairman, Sir Norman Payne, CBR, REng. As forecast in my report last year, passenger traffic growth in

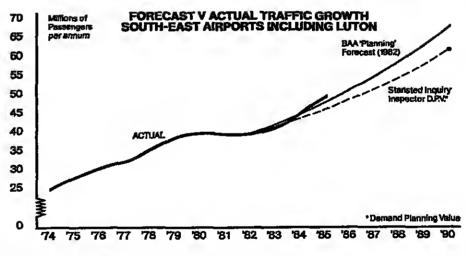
1985/6 was at a slower rate of 4.8 per cent. A current cost trading profit of £87 million, 20.6 per cent up on the previous year, giving a 7.5 per cent return on average net assets,

is therefore a satisfactory result for the year. BAA reduced its borrowing by £21 million and capital expenditure during the year was £151 million, funded entirely from internal resources.

This level of investment reflects the continual need to provide new capacity to meet forecast demand.

Our aim, as we move into the private sector, must be a continued





	1985/6	1984/5	Change %
Total passengers	54m	52m	4.8
Revenue	£396m	£362m	9.4
Trading profit (CCA)	£87m	£72m	20.6
Capital expenditure	£,151m	£161m	(7.0)
Return on average net assets.	7.5%	6.9%	8.7
Overseas income	£89m	£84m	5.7

improvement in BAA's performance and an increase in the quality of service we provide for our airline, passenger and cargo customers.

For a copy of the Annual Report write to: The Librarian, BAA Group Services, Masefield House, Gatwick Airport, West Sussex RH6 0HZ.



The World's Most Successful International Airport System HEATHROW-GATWICK-STANSTED = GLASGOW-EDINBURGH-PRESTWICK-ABERDEEN

# **UK COMPANY NEWS**

# H. P. Bulmer Holdings, the until the second six months. Hereford-based cider manufacturer, has recovered from the recovery, the final dividend is 20.2m first-half shortfall to finish the year 1985-86 with 3.053p net for a total payment pre-tax profits ahead at £11.8m. By a per cent higher at 5.293p less £0.11m deferred tax cred. This compared with £7.52m (4.9p) pay share. friction technology

# Take a look at the facts:

leads the world

- FERODO is the world's leading manufacturer of brake linings, disc pads and clutch facings.
- 2. We have the largest test house and research facilities in the world, devoted solely to the development of friction materials.
- FERODO friction materials are specified by all the leading European vehicle manufacturers and increasingly in the USA and Japan.
- FERODO was the world's first brake lining manufacturer.
- We were the first to supply NON-ASBESTOS disc pads (1980) and brake linings (1982) for volume production cars in Europe.
- We were the first to launch NON-ASBESTOS truck and bus linings into the UK aftermarket.
- 7. We supply friction products for virtually every application, from cars and motorcycles, to
- More World Championships and major motor sporting events have been won with FERODO disc brake pads than with any other make.
- 9. We are a British-based organisation with factories not only in the UK, but also in eleven other countries including Germany, Italy, Spain and the USA.
- We have strong technical links with major manufacturers in Japan and France.

We live in a world whose future is being shaped by technological development. In OUR future, there is only one leader in Friction Technology.



# Can you really trust YOUR future to any other name?



· BRAKE LININGS · DISC BRAKE PADS · CLUTCH FACINGS

Ferodo is a member of the Turner & Newall Group of Companies Turner &

Rewall PLC: OFERODO is a tradmark of Ferodo Limited, Chapel-en-le-Frith, Stockport SK12 GP England.

**NEW ISSUE** 

This announcement appears as a matter of record only.

July, 1986



# The Council of Europe Resettlement Fund

for National Refugees and Over-Population in Europe

¥ 15,000,000,000 6 per cent. Bonds due 1996

ISSUE PRICE 1011/2 PER CENT.

**Daiwa Europe Limited** 

Nippon Credit International Limited

**Banca del Gottardo** 

Banque Internationale à Luxembourg S.A.

Crédit Lyonnais

Dai-Ichi Kangyo International Limited

LTCB International Limited

Mitsui Trust Bank (Europe) S.A.

Saitama Bank (Europe) S.A.

Sumitomo Finance International

Swiss Bank Corporation International Limited

Yasuda Trust Europe Limited

Bank of Tokyo International Limited

Berliner Handels- und Frankfurter Bank

Credit Suisse First Boston Limited

Fuji International Finance Limited Mitsui Finance International Limited

**Morgan Guaranty Ltd** 

Société Générale

Sumitomo Trust International Limited

**Tokai International Limited** 

# Bulmer profits recover to £11.8m

pre-tax profits aftesid at £11.5m.
This compared with £7.52m
previously, but which included
reorganisation costs of £3.34m.
Net sales for the 12 months
to April 25 rose 11 per cent
from £124.7m to £138.1m, after
excise duty of £32.54m
(£30.54m). Mr Esmond Bulmer,
the chairman said that all the chairman, said that all trading divisions, with the exception of overseas drinks, showed profits growth and the overall increase was spearheaded by productivity gains.

Mr Bulmer said that the Chancellor's deciding not

Chancellor's decision not to increase duty meant that there

increase duty meant that there was now the opportunity to recover some of the ground which had been lost, following the large tax increases of earlier years.

The company therefore intended to spend significantly more promoting its major hrands. Hr Bulmer said he was looking for an advance in trading profits from key activities, and with lower borrowings and interest rates currently in prospect, he was aiming for a further recovery in pre-tax profits in 1986-87.

However, as was the case in costs.

profits in 1986-87.

However, as was the case in the year now reported, this was not expected to come through

drinks activity achieved only a modest improvement of £0.1m

resulting from the restructur- reduce.

activities

At the operating level, group profits moved ahead from £14.13m to £16.85m. A change in accounting for keg cider installations increased group trading figures by £218,000 when compared with the previous year.

There has also been a release of £2.4m from deferred tax provision at April 26, 1985 which has been added to reserves as a prior year adjustment.

Comment

Brokers' eyes have a tendency to glaze over when talk turns to H. P. Bulmer, and the reason to H. P. Bulmer, and the reason the company's products. Those heady days when excise duties favoured the cider tippler are long past and last year again found Bulmer struggling to inform the profits against the back-ground of a shrinking market—this time down by 4 per cent in this time down by 4 per cent in volume. Meanwhile, attempts to Net interest payments rose from £2.89m to £4.43m. Group net borrowings at the 1985-86 year end at £20.1m showed a £2m increase over the previous year and represented a gearing ratio of 37.5 per cent (32.7 per cent). An amount of £621,000 (£386,000) was allocated for employees' profit sharing. Last year's reorganisation costs were in respect of redundancy and early retairements arising from a significant reduction in the number of employees engaged in ongoing trading activities.

severe competition and hrought in 2 sharp cut in operating as well as heavy restructuring costs. Better weather turing costs. Better weather in the UK, the results of a £6.5m spend on cider promotion, and some further advances from the non-core activities could see the group through to £13.5m for the current year putting the shares on a prospecputting the shares on a prospec-tive p/e ratio of 12 after a 35 per cent tax charge—an unexcit-ing rating for an unexciting

# Tate can lift Berisford stake

BY LIONEL BARBER

IN BRIEF

at least maintained at last year's JAMES FERGUSON Holdings has concluded negotiations for the acquisition of Barlow Clowes and Partners, a special-

ist gilts manager. Terms are an initial consideration of £250,000

initial consideration of £250,000 which equates to the capital at par, plus a deferred consideration equivalent to four times the pre-tax earnings for the 12 months ending March 31, 1989. Profits for the year to June 30, 1986, the first year of trading, are unlikely to exceed £100,000.

REX WILLIAMS Leisure has agreed to purchase Cointrend for 2m shares. Cointrend hires amusement machines.

oce (UK), a wholly-owned subsidiary of Oce-van der Grinten of the Netherlands, made pre-tax profits of £1.51m (£1.18m) in the six months to May 31, 1986. Turnover rose to £26.16m (£25.74m), due to the strong performance of both Ozalid (UK) and Oce-Copiers (UK). Net interest received was £260,000 (£85,000 paid). There was no tax (same).

STELMO, a Kent-based company

whose operations include con-crete moulds and formwork, and concrete plants and handling equipment, has gone into receivership.

FREDERICK'S PLACE Heldings' offer for Country Gentlemens' Association has been accepted by holders of 79.03 per cent of shares (589,430 shares).

The cash alternative has closed. Holders of 12.78 per cent of shares elected to receive cash.

U.S.\$75,000,000

SWEDBANK (SPARBANKERNAS BANK)

(SPARBANKERNAS BANK)
Subordinated Floating Rate
Notes due 1997
Notes is tereby given that for the three
rouths Interest period from July 17,
1988 to Occaber 17, 1998 the Notes will
carry an interest rate of 6\*9×9× per annual
trian interest payable on the retevant
interest payable per 510,000
principal amount of Registered Notes.

The Crasse Maniestan Bank, N.A.

The Chase Manhettan Bank, N.A. July 17, 1986 C London, Agent Bank.

LADBROKE INDEX 1,307-1,313 (-1) Based on FT Index Tel: 01-427 4411

Tate & Lyle, the UK sugar refiner which has made a conditional £480m bid for S. & W. Berisford, the commodity trading group, is free to raise its shareholding to match the 23.7 stake held hy Ferruzzi, the Italian agricultural husiness. NO 16—8/8½

Thate has given an undertaking applies durable hy Ferruzzi, the Italian agricultural husiness. NO 16—8/8½

Thate has given an undertaking applies durable hy ferruzzi, the Italian agricultural husiness. NO 16—8/8½

Thate has given an undertaking applies durable commission investigation is pation into Tate's and Ferruzzi's proposals for Berisford. Tate had argued that it was take to match Ferruzzi's, This sugar, the UK beet monopoly.

Australian side boosts

# start to year The Union Discount Company of London had an excellent overall trading performance for the first six months to end-June 1995 to directors said vester.

1986, the directors said yester-

**Union Discount** 

has 'excellent'

day.

Despite this, they are maintaining the interim dividend at 11p per £1 stock unit. For 1985, when after-tax profits slumped from £7.94m to £1.13m, a total payment of 37p was made. At the interim stage last year the company suffered an unspecified loss.

The directors stated that during the first quarter of the cur-

The directors stated that during the first quarter of the current year interest rates and especially bond yields had fallen worldwide and that sithough in the UK base rates had risen sharply to 12½ per cent early in January, they had since fallen steadily to 10 per cent.

The good trading performance had been as a result of the company's anticipation of these movements, the directors added.

See Lex WEST BEOMWICH Spring incurred a £169,338 pre-tax loss for 1985 against profits of £949. Turnover improved from £3.9m to £4.26m but there was an operating loss of £107,362 (£57,797 profit). There is again no dividend payment. A tax credit amount to £92,000 (£2,000 debit).

MOORGATE Investment lifted earnings from 12.11p to 14.78p to 14.78p are ended May 31, 1986. The group, which produces at lifted earnings from 12.11p to 14.78p to 1

See Lex

# MOORGATE Investment lifted earnings from 12.11p to 14.78p in the year ended May 31, 1986, and is raising the dividend from 11.5p to 14.2p net, with a final of 9.7p. Gross reveous came to £10.9m (£899,000) and net available revenon to £889,000 (£986,000). Net asset value was 453.1p (336.8p). BRITISH KIDNEY Patient Association Investment Trust increased net asset value per £1 share from 155.5p to 220.3p in the six months to June 30, 1985, Attributable net earnings were £24,629 (£19,049) and earning per share 3.99p (3.08p). Tax took £10.388 (£3,163). The board expects the final dividend will be at least maintained at last year's Eurotherm International

Industrial electronic control and monitoring equipment for world markets

### Interim Report 1986

(Unaudited)	Six month 30th A	
Historical Cost Accounts Sales	£'000	£'000
U.K. Overseas	16,088 27,426	13,782 24,696
	43,514	38,478
Profit before taxation, interest, minority interests and losses of associated company	4,088 (16) (723)	3,972 5 (484)
Profit before taxation and minority interests	3,349	3,493
Estimated taxation – U.K	(577) (804)	(630) (946)
Profit before minority interests	1,968 (35)	1,917
Net profit	1,933 (407)	1,912 (405)
Profit retained	1,526	1,507
Earnings per share	7.1p 1.50p	7.1p 1.50p

In the half year to 30th April, Group profit on ordinary activities before taxation amounted to £3.35m (1985 – £3.49m), on an increased turnover of £43.5m (1985 – £38.5m). Overall the business remained healthy, but the two major factors which affected the first half result were our performance in the U.S.A., and our printer activities, (Infoscribe).

In the U.S.A., the period saw a marked slow-down in the growth of the economy, and Group companies were affected by a resulting change in the nature of the market place, which altered the mix of product sold. As a result, although sales were slightly increased, profits were substantially advant in comparison with last year. The printer company, Infoscribe Inc. in the U.S.A., which had been expected to move towards break-even in the period, was affected by the economy, and also suffered from the impact of the Gramm Rudman Act, which hald up government purchasing in a sector where Infoscribe had been doing well. In the U.K., Infoscribe Limited was obliged to delay further the launch of the new model 2000 printer. Between them the companies lost over £390,000, shared approximately equally. However, the flow of orders has now improved, and the overheads are being tightly controlled.

Elsewhere, the picture is one of improving market penetration, and increasing sales. Good results have been achieved by all companies in Continental Europe. Eurotherm and T.C.S. in the U.K. show healthy profit increases, SSD Limited continues to perform well, and SSD Corporation in the States is progressing ahead of expectations, having received particularly strong orders in March and April. Chessell Limited, which had suffered from problems of a manufacturing abortial of the 4000 model recorder in the first quarter, overcame these difficulties, and is seeing a high demand for the product. Amongst the new companies, InfoCare and CAMM Technology are showing encouraging progress. Several new products will be launched by Eurotherm and Chessell companies in the U.S.A. canot be overcome in six

## **UK COMPANY NEWS**

# **Brasway** profits advance by 52%

F22.52m.
Following the disposal last October of its scrap processing division, the company is left with three main core divisions, bat, oil and tube. Mr Mark Swaby, the chairman, said yesterday that he was more than satisfied with the overall performance of each.

formance of each.
"It may well be that the second half will really show how strong we are becoming." A divisional split of the pre-

A divisional split of the pretax profits showed:—engineering £938,000; oil blending
£97,000; scrap processing
£90,000 (11 months trading);
head office £132,000 and associated company £34,000.

On capital increased by last
October's £1.2m rights issue, the
dividend is lifted to 2.25p (2p)
net with a final of 1.25p. A onefor-one scrip issue is also proposed. Stated earnings per
10p share, on a weighted average basis were 9.16p (9.21p),
after tax of £537,000 (£190,000).

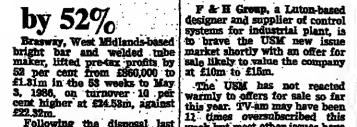
An extraordinary credit of
£347,000 this time comprised a
£811,000 profit on the disposal
of the scrap processing division
to Coopers Holdings; less the
£130,000 costs of the disposal of
a leasehold property and
£334,000 tax.

Yearling bonds
Yearling bonds
Yearling bonds
Yearling bonds totalling motors, switches, or visual displays. As F & H's chairman, Mr Tony Mints, says: "Wherever there is machinery and an element of electronic control, there is scope for one of our systems."

F & H claims to have been one of the leaders in introducting programmable controllers to the UK. It is not, however,

Poor response to USM offer for sales

# F & H hopes to buck the trend



11 times oversubscribed this week but most other issues have had a poor response: M6 Cash & Carry, for example, was only 18 per cent subscribed earlier

this mouth.

F & H is hoping that a combination of its strong profits growth, good prospects and an undemanding price will enable it to buck the trend. It also benefits from being able to coincide its floation with an appropriement that it has just tounine is notated with all announcement that it has just won a contract worth over 22m to supply the control system for new baggage handling systems at London Heathrow airport's Terminal 3.

Terminal 3.

Founded in 1967, F & H was originally 2 general electrical contractor but soon spotted industrial control systems as a potential growth area. Early systems were based on electromechanical relays and then transistors, but the introduction of microprocessors enabled F & H to take a technological leap forward to the present-day programmable controller.

programmable controller.
A programmable controller receives input data from plant through devices such as sensors, switches and measuring instruments, makes logical decisions based on the programme which has been fed



The paint shop control room at General Motors' Vauxhall plant at Luton. F & H supplied virtually everything but the people.

capital.

Smith New Court Agency, the issue's sponsors, is keenly aware that the F & H offer will

have to be priced attractively if it is to succeed, but it will not be giving it away. "After all, industry is continually

having to increase the sophis tication of its control systems

and there are not many other people in the business," says Mr Nicholas Banszky of the

firm's corporate finance depart-

ment.

Pricing is going to be tricky in the absence of any directly comparable companies, but an historic multiple of about 12

a manufacturer: its skill is company who has stepped down designing systems to customers' from day-to-day involvement in management following its transpropriate components from formation from electrical conother manufacturers' products,

other manufacturers' products, developing the necessary software, and installing the system complete.

Examples of big projects completed in the year to last April include a control system for Vauxhall Motors' new paint chan at Luton which will rest into working stake and the rest into working canital ware, and installing the system complete.

Examples of big projects completed in the year to last April include a control system for Vauxhall Motors' new paint shop at Luton which will prepare, prime and paint all cars made there: a baggage handling control system for Heathrow airport's Terminal 4; and 2 system for the Altied Mills division of Associated British Foods.

Profits have grown from

Profits have grown from £121,000 in 1982 to £1.8m last year on turnover up from £1.9m to £7.8m, but the humpy income stream from larger projects has caused wide variations in margins over the years. Mr Minta expects these to smooth out. One of the main reasons for F & H's flotation is to enable the management to buy out Mr Dennis Fine, a founder of tho

Osprey lower at £129,000

Following a 56 per cent reduction in interim profits, Osprey Communications, advortising agency, ended the year to March 31 1986 with pre-tax figures 36 per cent below at £128,784, compared with

However, after omitting the interim dividend there is a final of 1.25p net which mains the year's payout at the 1984-85 level... Stated, earnings per 25p share fell from 3,25p to

than doubled from £2.2m to £4.63m.

Carling upsurge Carling O'Keefe, the Canadian brewing and wine products sub-sidiary of Rothmans Inter-

# INVESTMENT &



# FREE STATE THE DEVELOPMENT AND **CORPORATION LIMITED**

(Incorporated in the Republic of South Africa)

### CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1986

CONSOLIDATED INCOMES	STATEMEN	T	CONSOLIDATED BALANCE	SHEET	
(unaudited)	1986 R000	1985 R000	(unaudited)	9861 000:K	1985 R000
Income from investments (Note 1)	1 399	2 806	Capital omployed		
Interest received Share of mining profits	45 <del>9</del> 422	263 308	Issued share capital	2178	1815
Sandry revenue	5	22	Share premium	7 625	_
	2 285	3 399	Distributable reserve	7113	8 5 3 5
Cost of administration	500	152		-	
Net normal income Surplus on realisation of investments	1 785 167	3 247 (47)	Ordinary shareholders' interest	16916	8 350
Profit before taxation Taxation	1952 103	3 200 108			
•	1849	3 092	Employment of capital		
Ordinary dividends	1 271	2722	Investments	_	8016
Interim Final	1271	726 1 996	Mineral and participation rights and cost of exploration	8 795	500
			Net current assets (liabilities)	8 121	(166)
Retained profit for the year Retained profit at beginning of year	578 8 535	370 8 165	Current assets	10 549	2 393
Retained profit at end of year	7113	6 535	Current liabilities	2 428	2 559
Number of ordinary shares in issue (Note 1)	21 782 063	3 630 000		18916	8350

At a general meeting of members held on 21 January 1986, approval was given for the restructuring of the company and for the sale et 31.
 December 1985 of the company's share portfolio to DAB investments Limited. As a result investment income was nnly received for the

Pursuant to the restructuring proposals, the company's ordinary shares of 50 cents were subdivided into 5 ordinary shares of 10 cents each, and the company acquired the entire issued share capital of Southern Holdings (Pty) Ltd and certain non-contributory mineral participation rights, details of which have been circulated to shareholders. Shareholders have previously been advised that the payment of dividends by the company in future will depend upon the extent to which the mineral rights portfolio can be brought to account. In present circumstances, the board considers that no final dividend should be

3. Cost of administration includes expenditure related to the restructuring proposals

For and so behalf of the board
V. G. BRAY
C. L VON CHRISTIERSON
Directors

Head Office and Registered Office: Consolidated Building, Corner Fox and Harrison Streets, **JOHANNESBURG 2001** 

Postal Address: P.O. Box 590 **JOHANNESBURG 2000** 

16 July 1986

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### TOP VALUE INDUSTRIES PLC

Incorporated in England under the Companies Act 1929 Registered No. 396956

INTRODUCTION TO THE OFFICIAL LIST Number Ordinary Shares of 10p each 13,800,000 Authorised Issued 1,380,000 800,000 and to be issued fully paid 800,000

Permission has been granted by the Council of The Stock. Exchange for the whole of the share capital of Top Value Industries PLC, issued and to be issued, to be admitted to the Official List. The shares for which permission has been granted comprise the share capital of Top Value Industries PLC, including those to be issued pursuant to the acquisition of David Courad (Sales) Limited and the Rights Office amounced on 26th June, 1986. Dealings will commence today, 17th July, 1986.

Listing Particulars relating to the Company are available in the Extel Statistical Service and copies of such listing particulars are also available during normal business hours on any weekday (excluding Saturdays and public holidays) up to and including 1st August, 1986

Top Value Industries ple Vulcan Works

: 2

Alexanders Laing 8x Cruickshank of Scotland plessery House P.O. Box 86

of Scotland plc

Pollard Street 7 Coptiall Avenue 34 Fettes Row Manchester M4 7AR London EC2R 7BE Edinburgh EH3 6UU and are also available from the Company Announcements Office, Quotations Department, P.O. Box 119, The Stock Exchange, London EC2 2BT on 18th and 21st July, 1986, for collection

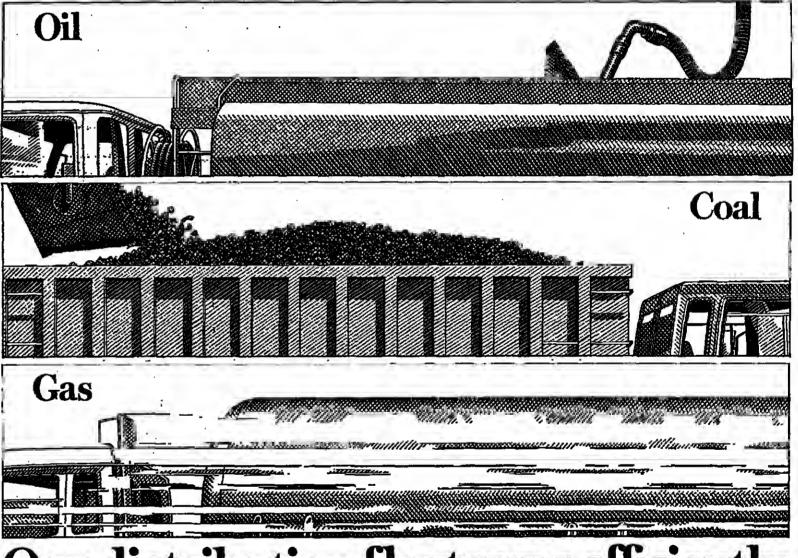
1.6p.
Turnover for the year more to to

national, hoisted earnings from continuing operations from C\$548,000 to C\$6.4m (£3.1m) in the first quarter period to June 30 1986. The result reflected improved profitability in the beer operations.

After a loss of \$800,000 (\$658,000 earnings) from discontinued activities and an

(\$658,000 earnings) from dis-continued activities and an extraordinary credit of \$6m this time, total earnings jumped from \$1.21m to \$11.6m. Earnings per share from con-tinuing operations were 23 cents (3 cents) before extra-ordinary items and 51 cents (3 cents) after the same.

17th July, 1986



# Our distribution fleet runs efficiently on any kind of fuel.

Dery, kerosene, gas oil, coal, LPG: it makes no difference to Ocean's fleet.

Because the fleet in question, which flies under the flag of Ocean, is one of the largest, most efficient and fastest-growing fuel distribution businesses in the UK today

And at the same time, an excellent example of Ocean's dynamic development as an industrial and distribution services group.

Cory Coal is one of Britain's leading private coal trading companies, offering blending, supply and technical services to industrial and domestic clients.

Cory Oil, operating in East Anglia and the South East, is the largest Shell distributor in the UK.

And our most recent development, Cory Gases, packs and distributes Shell LPG in South East and Central England.

Together with our operations in Northern Ireland and the Irish Republic, these businesses make up a major strategic presence in a market which is both demanding and profitable.

Profitable that is, for a company with the necessary distribution skills to meet the high standards (and even higher volumes) of a rigorous and exacting industry

Profitable, in other words, for a company such as Ocean. Our core management skills, also applied in shipping, offshore oil support, warehousing and freight forwarding, offer the right combination of expertise

and of stamina. After all, it's not called the energy business for





OCEAN TRANSPORT & TRADING plc, 47 RUSSELL SQUARE, LONDON WC184JP.

This is neither an offer to exchange or sell nor a solicitation of an offer to buy or exchange any security. The Exchange Offer is made only by the Prospectus dated July 15, 1986 and the related Letter of Transmittal, and the Exchange Offer is not being made to, nor will terders be accepted from holders of these securities in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities laws of such jurisdiction.

### PENGO FINANCE N.V.

Offer to Exchange

Non-Interest Bearing Convertible Senior Subordinated Guaranteed Deben Non-Interest Bearing Convertible Senior Subordinated Guaranteed Deben

PENGO INDUSTRIES, INC.

Fort Worth, Texas, U.S.A.

Pengo Finance N.V. ("Finance") is offering to bolders of its Class A Non-Interest Bearing Convertible Senior Subordinated Gustanteed Debentures due 1991, Class B Non-Interest Bearing Convertible Senior Subordinated aranteed Debentures due 1991 (together "New Debentures") and 8% per cent. Convertible Subordinated Gustanteed bentures 1995 ("Old Debentures") the Exchange Offer summarized below.

Pengo Industries, Inc. ("Pengo") has recommended to its shareholders a 1 for 19 share reverse stock split which will voted upon September S, 1986. The description of the Exchange Offer below reflect the effect of such reverse stock temporary bears indicated.

For each \$500 Principal Amount of New Deben-tures (Both Class A and Class B)

For each \$1,000 Principal Amount of Old Deben-unes plus all accrued in-

value

Each share convertible imp shares of Pengo Common Smek

150 Warrants to purchase one share of Pengo Common Stock at.

16 Warrants to purchase one share of Pengo Common Stock at.

5107.50 payable October 1, 1986 in Pengo Common Stock at.

svaliable cash. The stock will be valued at \$2.00 per share (post-split) and any available cash will be derived from 2½% of the net proceeds received from Pengo's divestimate of specified assets.

Old Debenures will be accepted only if tendered along with all coupons for interest payable on and subsequent to Detember 1, 1983.

All tenders may be withdrawn before July 29, 1986. On and after July 29, 1986, all tenders are irrevocable until, and if the Exchange Offer is communicated prior to, September 16, 1986. All tenders not accepted by Finance prior to September 10, 1986, may thereafter be withdrawn.

The terms and conditions of the Exchange Offer are set forth in the Prospectus dated July 15, 1986 and the related Lenter of Transmittal, copies of which should be obtained from the Exchange Agent. The Exchange Offer is conditioned upon the tender and acceptance of at least 80% each of the constraints principal amounts of Old and both clauses of New Debentures and is a condition to the consummation of the debt restructuring arrangement of Pengo. If such condition is not satisfied, the Exchange Offer will not be consummatical and all tendered Old and New Debentures will be returned, not satisfied, the Exchange Offer will not be consummation upon the approval by the Pengo shareholders of, Parthermore, the consummation of the Exchange Offer is conditioned upon the approval by the Pengo shareholders of, among other things, the authorized phases of Common Stock.

THE EXCHANGE OFFER WILL EXPIRE AT 16:00 P.M. LONDON TIME (5:06 P.M. NEW YORK TIME), ON AUGUST 11, 1986, UNLESS EXTENDED BY FINANCE.

The Pengo Common Stock is listed and traded on the New York Stock Exchange (symbol: PGO).

Requests for assistance and copies of related documents should be directed to the Exchange Agent as follows: Mr. Richard Crews, Chemical Bank, 180 Strand, London WC2R 1ET. Telephone Number: (collect), 01-379-7474, Telex Number: 264766 (Answer Back CHEMBK G).

July 15, 1986.

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# Commercial Director

and with the first

West End

Salary c£45,000 + benefits

Committee of the commit

- tent firm of Consultants in the Design Field who have enjoyed rapid in tream wars, have identified the need to strengthen their Dienter.

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... puter applications which include CAD. techniques, capable of working in harmony with senior colleagues and will have demonstrated a sound commercial approach in a comparable or relevant environment. Interested candidates should send a detailed CV to Don Day FCA, quoting reference LM50, at Spicer and Pegler Associates, Friary Court, 65 Crutched Friars, London



Spicer and Pegler Associates Management Services

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# DIRECTOR OF

National Girobank seeks to appoint an experienced and successful marketing specialist to this crucial senior management position.

PERSONAL BANKING

The Director of Personal Banking reports to the Managing Director. He or she will lead the development of financial products and services for the private customers of the Bank and, working through its regional network, oversee their introduction and implamentation.

- Candidates will be between 35 and 40. They should have:
- A record of achievement in consumer marketing Exparience of marketing financial services and/or banking products
- The ability to work succeasfully with and through others The importance of the position will be reflected in a fully competitive

Applications, together with a curriculum vitae, should be sent to Malcolm Williamson, Managing Director, National Girobenk, 10 Milk Street, London EC2V 9JH.



# Deputy Secretary

c. £17,000-£20,000, plus car.

This appointment based at our client's West Midlands headquarters, provides an ideal opportunity for a young (25-30) Solicitor looking for a career in commerce. The post offers the successful candidate a wide range of company secretarial and responsibilities. Our client is an international Group listed on the London

Stock Exchange with interests in over 30 countries.

Your responsibilities will encompass the complete secretarial function including compliance with company legislation and Stock Exchange regulations, the administration of various share option schemes, the preparation of interim announcements and Annual Reports and dealings with City institutions on a varied range of topics. In addition you will be responsible for liaison with UK and overseas legal advisers across a broad spectrum of commercial law matters.
You will be capable of working to the stringent professional standards.

The salary package is dependent upon experience and includes a car and Private Medical Insurance. Relocation assistance will be given if required.

Please telephone Barrie Witt on 021-455 6255 (office hours) or 06845 66477 (evenings) or write to him with full CV quoting ref. LS267 at Austin Knight Selection, Thicorn House,

51-53 Hagley Road, Birmingham B16 8TP.

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City Substantial Salary, Profit Share, Car

Hoggett Bowers plc. successfully floated on the USM in 1984 and continuing to achieve substantial profit growth, operates nationally at the forefront of the executive recruitment industry, providing highly professional services to a wide range of cliants. The City Office wishes to enhance its market penetration by the recruitment of additional consultants. Following an intensive training programma you will be responsible, in an environment of individual initiative and operational freedom, for the generation, management and successful completion of senior level recruitment assignments, drawing on your broad base of business management skills. If you are 27 to 40, a graduate or professionally qualified, beliave you can sell our services in a competitive environment, and have the presence, aptitude and skills to manage a business portfolio, this could be the career move you are seeking. Profit sharing is based upoo individual contribution and can be exceptional. Success will however require commitment, abundant energy and total selfmotivation. You may never previously bave considered a move into this industry, motivation. You may never previously have considered a move into this industry, there again most of our successful people would say the same. If you identify with the scenario described above we would certainly like to talk to you.

Male or female candidates should submit in confidence a comprehensiva c.v. or telephone for a personal history form to P.A. Adderley, Hoggett Bowers plc, 7 Lisbon Squore, LEEDS, LS1 4LZ, 0532 448661, quoting Ref:11711/FT.

# FINANCIAL CONTROLLER

LONDON

To £25,000 + CAR

This is a challenging position for a qualified accountant within a company in the entertalmments field, itself a subsidiary of a major international leisure group.

Responsibilities cover financial control and planning, systems development and administration with a strong emphasis on commercial guidance.

Candidates will be confident self-starters aged 28-38 and will enjoy shirt-sleeved involvement in a short cycle business environment, encompassing close control of working capital and development of the necessary systems.

Please reply in confidence with a comprehensive curriculum vitae including details of current remuneration and a daytime telephone number to D.E. Shribman.

THE COMPLETE FINANCIAL SELECTION SERVICE

Vernan Hause, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

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# **Fund Managers**

c £22,000: Plus Substantial Benefits

Our client is a major London-based insurance group with a successful record of growth in unit trusts and financial services.

It now wishes to strengthen its investment team by the addition of two portfolio managers. One will take responsibility for the fixed interest portfolios, and the other for selected UK equity portfolios. The successful candidates will be graduates in their mid-twenties and will have had at least two years successful research and management experience in a similar organisation.

These are excellent opportunities for talented and ambitious people to advance their careers. The remuneration package will be attractive, and will include subsidised

mortgage arrangements. Please send full cv - in confidence - stating current salary to D. Austin ref. B.7005.

> **HAY-MSL Selection and Advertising Limited** 52 Grosvenor Gardens, London SWTW DAW.

MANAGEMENT SELECTION

# **Fixed Interest Portfolio**

PosTel Investment Management Limited, investment managers for the British Telecom and the Post Office Superannuation Schemes, are looking for a competent professional to join the small gilt-edged and fixed-interest team.

The successful candidate would undertake the analysis of fixed-interest markets, deal in such securities and monitor the performance of the Funds managed. Applicants should be graduates with a high level of numeracy. Familiarity with the techniques of fixed-interest analysis and a minimum of two years' relevant experience is essential.

Please write with full career details to: Cliva Gilchrist, Investment Manager, PosTel Investment Management Limited. Equitable House, 48 King William Street, London ECAR 9DD

PosTel

Investment Management Ltd

## **FINANCE DIRECTOR Building Contractor**

Remuneration package circa £25,000

Our client is a rapidly growing building contracting company based near Peterborough. Recent and projected expansion has created the need for a Finance Director to take full responsibility for all financial and administrative matters.

The Finance Director will report to the Managing Director and be a vital part of the small senior management team. The successful candidate will be a qualified accountant and construction industry experience is seen as essential. The ability to handle financial matters at the highest level is vital and a working knowledge of computers would be desirable.

The remuneration package will include a salary of about £20,000, profit ahare and a fully expensed car. Relocation expenses will be considered.

Replies in confidence enclosing curriculum vitae to the Managing Director

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Executive Search & Selection West Rnd House, 11 Hills Place, London W1R 1AG

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Appointments Wanted

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Yaung man (23) good: apeach/ appearence/typing. Hard working, with clean driving licence ofkers loyal decleated service for position with good prospects with stock-broker/merchant bank atc. Willing to start at bottom and work tor trial panied for travel + lunch expenses only. Tal: Andrew on 0273 (Brighton) 505714 or Write Box A0209, Financial Times, TO Cennon St Landon EC4F 48Y

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10 Cennon St. London EC4P 4BY

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the Square Mile. Because we are expanding, Vivlan Gray have vacancies available in their regional offices for established stockbrokers. Here is your opportunity, if you want to

escape the Big Bang. The development of information technology will enable you to transact business just as efficiently from our country offices as from a

TOPIC, Fax, direct lines and computer terminals access instant prices, data and client accounts. If you want a busy life outside London contact:

J. A. D. Skailes, Senior Partner VIVIAN GRAY & CO. Ling House, 10-13 Dominion Street London EC2M 2UX Telephone: 01-638 2888

### BANKING

UK incorporated financial institution (LDT) located in the West End is seeking to appoint the following key personnel:

-Assistant General Manager: skilled banker with at least 10 years experience in trade finance. Age 40 to 45. Salary about £35K-£40K.

—Manager, Marketing and Business Develop-ment: 5-10 years' experience in hanking required with wide knowledge in Europe, Middle East and African markets. Age 30 to 35. Salary about £25K-£30K.

Candidates should have wide experience in international banking operations and should be prepared to accept challenging assignment in a young and dynamic institution. Remuneration is negotiable and is in the ranges mentioned above with the usual other banking benefits.

Please write in confidence, giving full career details, to:--

Box A0207, Financial Times 10 Cannon Street, London EC4P 4BY

International Appointments

# EDP AUDITOR Kuwait Based

A leading Commercial bank in Kuwait seeks a seasoned banking prolessional to fill a position in EDP Auditing.

The selected candidate will report directly to the Chief Internal Auditor, and will be primarily responsible for the ongoing evaluation of control and security of all EDP activities, develop and establish EDP audit methods, and provide support to Operations Auditors.

Applicant should be graduates of Computer Science or Accounting/Business Administration with experience in EDP. All round banking knowledge, and 4 - 5 years experience in an Audit function of a Bank is essential.

Attractive tax free salary and benefits package will be negotiated to reflect experience and qualifications.

Interested candidates should write with full career and salary details to: The Advertiser,

P.O.Box: 2217 Safat, 13023 Safat - Kuwait.

# CHIEF DEALER

MIDDLE EAST

A leading commercial bank in the Gulf seeks to appoint a Chief Dealer to be based in the Middle

Applicants should have several years' experience in all aspects of Money Market and FX Dealing. The Applicant should be used to handling large volume business and be capable of managing a highly-motivated, multi-national dealing team. Ideally applicants should be in their 30s and fluent English is essential. Salary substantial and negotiable depending on experience. Full range negotiable depending on experience. Full range of benefits appicable to an International Bank based in the Middle East,

Interested applicants should send a full curriculum vitae to:

Box A0212, Financial Times

10 Cannon Street, London EC4P 4BY

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is e leader in providing its clients with a complete business and/or personal financial service. Personal portfolio management, offshors investments, until surets, pensions, mortgages and let planning are just sofie of our oreas of involvement. We recognise that it takes a vary apocial person to explain those services and to advise duriciants on how beat to manage their money auccessfully. It you are aged between 25-55, self-motivated and enjoy dealing with people, that person could be you.

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# TRAINEE INVESTMENT **ANALYST**

The London division of an international securities group requires a graduate with good honours degree to join a small team principally covering the UK markers. The successful candidate, who will be trained in equity analysis, will be joining the company at an exeiting stage in its development prior to "Big Bang."

Please submit a comprehensive c.v. to:

Mrs P. Courtenay Deitec Securities (UK) Limited 39/41 New Broad Street, London EC2M 1JH

# International Appointments



Southern Spain

Every attractive package

La Manga Chib, situated on the Costa Calida, is owned and managed by European Ferries Group plc. The complex includes huxury villas and apartments and an unrivalled range of sports and leisure facilities. La Manga Club now wishes to strengthen its internationally experienced management team by making the following appointments.

### DIRECTOR OF FINANCE

Reporting to the Managing Director and Resort Director, the appointee will assume total responsibility for the financial. direction and management of the Group's Spanish division. There will also be a responsibility for reporting to the Group's head office.

Candidates must be MBA, qualified accountants or equivalent, with previous exposure to property development or

travel-related projects, at a senior level. A knowledge of Spanish would obviously be an advantage but is not considered essential for this appointment. This is a fast moving environment and the ability to retain an organised and positive approach under pressure is essential. Candidates should be outgoing and personable and able to relate to a cosmopolisan team. Ref. E3034/2/L.

### FINANCIAL CONTROLLER

This appointment will be mainly concerned with the La Quinta Club. Based at La Manga Club, La Quinta Club is e 'club within a club' offering a range of villas and access to all the facilities of La Manga

The Financial Controller will be responsible for day-to-day accounting, project accounting, treasury and administration of trustee management at La Quinta Chib. The appointment reports to the Director of Finance, La Manga Club and to other Directors for specific projects.

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There will also be regular contact with

Group head office.

Candidates, ideally, late 20's — mid 30's, should have a tecognised accountancy qualification, MBA or equivalent. A working knowledge of Spanish is required. for this appointment and previous experience of liaising with legal and taxation advisers internationally would be an advantage. An analytical and methodical approach is essential as is o personable and friendly disposition. Ref: E3034/3/1\_

For both appointments an attractive remuneration package is offered and accommodation will be provided at La Manga Club for employees and, if applicable, their families. Please write in confidence, enclosing career details and quoting the appropriate reference to Valerie Fairbank, Executive Selection Division.



Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfrians, London EC4V 3PD.

# SENIOR V.P. ACCOUNTING

c.£32,000 + Full Expatriate Benefits

A major financial institution in the Middle East, involved in a diverse range of activities including banking, real estate and direct investment is seeking a Senior Vice President, Accounting.

The successful candidate will assume overall responsibility for the day-to-day accounting functions of the organisation. and will be expected to oversee the further development and enhancement of the computerised financial and management accounting systems. The appointee will also lisise with the Central Bank and other institutions and fluency in anabic is therefore essential. Candidates, ideally aged 35-45, must

have a recognised accountancy

qualification and previous experience in wholesale banking or a large financial institution. A confident, mature and adaptable personality is needed to successfully manage, train and motivate staff in a multi-cultural environment. The appointment will be made

initially on a 2 year contract and may be single or married status. In addition to an attractive salary, the package will include accommodation, car, air fares and achool fees allowance.

Please write in confidence, enclosing

career details and quoting reference K2526/L to Valerie Fairbank, Executive Selection Division.

MARWICK

Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfrians, London EC4V 3PD.

# Assistant General Manager **Financial** Services Marketing

Kuwait Our client is a highly regarded financial services company owned by substantial Kuwaiti and international shareholders. Managed by an international bank, it provides advice to local clients on international investments in equity and real estate markets as well as typical banking services. The company is represented in London and Paris and is

Reporting to the General Manager, the successful candidate will be responsible for:-

- management of the local marketing team:
- liaison with the London representative office;
- business and product development in the Gulf markets generally.

The ideal candidate should have good marketing experience of a wide range of banking and investment products. Preferred age is 55 - 40. Prior knowledge of the Middle East would be valuable but is not essential. A generous salary, expatriate package and contract is offered.

Please reply in confidence with full cv details to Box No. AGM 208, Chronicle House, 4th Floor, 72-78 Fleet Street, London EC+Y (HY.

### EMPLOYMENT CONDITIONS ABROAD LIMITED

An international association of employers providing confidential information to its member companies relating to employment of expatriates and nationals worldwide.

> Anchor House 15 Britten Street London SW3 2YL Tel: 01-351 7151

# PORTFOLIO MANAGER **United Arab Emirates**

Our client, one of the leading international banks in the United Arab Emirates, is seeking to appoint a Portfolio Manager to be responsible for identifying and developing opportunities to serve the financial needs of high net worth individuals.

The successful applicant, who will probably be in his mid-30's, will ideally have had previous experience in the Middle East but, more importantly, will have an extensive knowledge of private banking which will include investments in fixed interest and other bonds in the European, Far Eastern and North American markets. Fluency in Arabic would be an added advantage.

An attractive tax free salary together with a full package of expatriate benefits is offered, which will fully reflect the demands of the position and the background of the candidate. Interested applicants should send a full Curriculum Vitae to Robert Watsham, Director, Jonathan Wren International Ltd, 170 Bishopsgate, London EC2M 4LX.Tel: 01-623 1266, TIX: 8954673 WRENCO.

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**MERCK** 

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MERCK & Co. Inc., the leading U.S. pharmaceutical

company (Sales \$ 3.6 Billion), offers a career opportunity to an interested financially oriented professional.

Initially, the successful candidate will join the Interna-

tional Audit Department located in Brussels as a (m/f)

INTERNATIONAL

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We are an international organization based in

Belgium and operating a worldwide computer-banking telecommunications network.

conducts an ongoing audit of the systems development activity ensures the security and reliability of the service to member banks recommends and reviews procedures in order to ensure se

confidentiality of the computer based information systems

reviews the physical security of the impacted switching points around the

The successful candidate will be:

| a high level specialist in computing — especially in new generation systems — with at least 3 years experience in systems auditing, preferably in an international environment
| good academic background | aged between 25 and 40 and ready to travel | fluent in English; additional tanguages would be an asset | an effective leader, capable of handling responsibilities and people at high level

some knowledge of international banking would be helpful. We offer a highly attractive salary package reflecting the importance if this key



f 30.000 +

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photo to:

If the challenge of this opportunity appeals to you, please send a detai-led carriculum vitæ and

Personnel Consultant.

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with 1-2 years experience, preferably with continental annections. Salery negotiable Please apply in writing

enclosing CV to:
Ner K. Cook
Astley & Pearce (Benelux) SA
13 rue Notre Dame,
Laxembourg
er Tel: Luxembourg 20511

# CONTROLLER

# MIDDLE EAST

A leading bank in the Gulf seeks to appoint a Comptroller to be based at Head Office.

The incumbent will be responsible for establishing and directing the performance of the bank's financial and management accounting, for profit planning and budgeting, internal accounting and financial controls and for regulatory compliance functions as required; directing E.D.P. policy and managing the on-going computer development, identifying operational areas within the bank which will benefit from automation, managing and directing Advertising and P.R. concepts, development of new advertising ideas for the media and review of the corporate image.

The successful candidate will be qualified to ACA or equivalent standard and possess a minimum six years' relevant banking experience, some of which will have been gained within an automated environment. Strategic planning skills would be an added advantage and a working knowledge of Arabic is desirable but not essential. In addition to the tax-free salary, an excellent benefits package is offered, which will include free furnished accommodation and transportation.

Interested applicants should send a full curricuum vitae to:-Box A0211, Financial Times 10 Cannon Street, London EC4P 4BY

# PARIBAS SUISSE

BANQUE **PARIBAS** 

(SUISSE) S.A. is looking for an

## INVESTMENT ANALYST

to take the responsibility of the US Equity market within a team covering international equity, merkets and to contribute to the setting-up of the investment policy of the bank.

The candidate must be a highly qualified fundamental analyst with several years of professional experience. He/she should be 30-35 years old, fluent in both English and Frenth, hardworking, reliable and imaginetive.

Please opply with full coreer details to: Hend of Personnel

BANQUE PARIBAS (SUISSE) SA 2 Place de Hollande CH-1204 Geneva

ASTLEY & PEARCE (BENELUX) S.A. LUXEMBOURG DEPOSIT BROKERS

with 1-2 pears experience. Salary negotiable

Please apply in writing analosing CV to:

Mr K. Cook

Astley & Pearce (Benelux) SA, 13 rue Notre Dame, Luxembourg

or Tel: Luxembourg 20511

promoted (90% success history) into the managerial ranks of the company's European subsidiaries. In order to continue our excellent record of people and promotions,

the candidate must have a University degree (preferably Master's level), be fluent in at least three languages (including English) and have a minimum of 3 to 4 years of solid professional experience.

INTERNAL AUDITOR

for approximately 2 to 3 years (50 % travel, mostly within Europe). Upon completion of this assignment, the individual is normally

Interested parties can reply in total confidence (include c.v.) to: Mr Georges Van Acker, c/o MERCK SHARP & DOHME, chaussée de Waterloo 1135, B-1180 Brussels (Belgium). A rewarding career lies ahead.

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MINERALS, METALS & PETROLEUM PRODUCTS Having obtained Ploneer status for n countertrading operation in Singapore and branch in Hong Kong invites applications from autrably qualified candidates for the position of:

# **EXECUTIVE COUNTERTRADER** IN SINGAPORE

The position carries full responsibility for all the financial and trading function challenge

- Structuring counter/barter/compensation trades
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- Awareness of World Funding Agencies and operational environment
- Able to communicate and negotiate in the world market place
- Fluent in English and/or one other European languege
- Experienced in trading (min, 10 years) in agricultural, soft commodities in the South East Asien and China markets
- Between 2 5and 45 years of age

Candidates must possess professional approach, energy and imagination. Applicants are requested to write in their bio-data with contact telephone number and a recent photograph. The total remuneration package will be negotiable at a level reflecting the importance of this appointment.

# International Banking MIDDLE EAST

A major Middle East bank is seeking a correspondent banker to manage its Banking Relations Department. Primary responsibilities include liaison with all correspondent banks, especially developing business via correspondent contacts. Demonstrated success in bank marketing and operations a must. Applicants should have three to four years' experience in this

Applicants apply to: Box A0213, Financial Times 10 Cannon Street, London ECAP 4BY

# Appointments Advertising

£41 per single column centimetre and £12 per line Premium positions will be charged £49 per single column

For further information call: Louise Hunter 01-248 4864 Jane Liversidge 01-248 5205 Daniel Berry

01-248 4782

### **APPOINTMENTS**

# Charterhouse Bank managing director

Mr Anthony Best is joining CHARTERHOUSE BANK In September as a managing director with responsibility for its benking division. He is managing director of The Royal Trust in Canada's London operations, where he has been for the past four years. Mr Michael J. Ordish will join CHARTER. tor with responsibility for its benking division. He is managing director of The Royal Trust of Canada's London operations, where he has been for the past four years. Mr Michael J. Ordish will join CHARTER-HOUSE PLC as a director on September. He will be responsible for regulatory compliance throughout the Gharterbouse group. Mr Ordish is the bead of the comoany law denartment at Glifford-Turner, which he joined in 1958.

Ms Nisha Alvares Meneses bas been appointed a director of COUNTY NATWEST CAPITAL MARKETS. She will be responsible for a marketing group covering Caneda, the supranational institutions and Ireland.

Sir Zelman Cowen, provost of Oriel Gollege, Oxford, and formerly governor-geoeral of Australia, bas been elected as chairman of the trustees nf VISNEWS. He succeeds Mr John Grawley, who bad been chairman since 1978.

Mr Norman G. England has been appointed a director of SINGER & FRIEDLANDER. Mr England recently retired as a partner of Peat Marwick Mitchell

Mr D. M. H. Skinner bas been appointed a director of BARING FUND MANAGERS.

Mr David Knowles has been appointed sales director of METALRAX LTD, part of the METALKAA ---Metalrax Group.

At J. HENRY SCHRODER WAGG AND CO. Mr J. A. Adams, Mr J. C. Aston, Miss J. Barnes, Mrs R. Biomfield-Smith, Mr G. N. Mr J. C. Aston, Miss J. Barnes, GROUP of the UK non-marine assistant geoeral manager— Mr Malcolm Wright to the hoard credit; Mr Ray Cross, assistant general manager— treasury; Mr Mrs A. J. Carowath, Mr C. lated companies, Mr J. D. Wylle Patrick Chrimes, assistant Wright has been head of the

Mr Hugh Jon Foulds and Mr John L. Wood have been appointed directors of HALIFAX BUILDING SOCIETY from August 1. Mr Foulds is a director and chief executive of Investors in Industry Group and deputy chairman of Brammer. Mr Wood, a member of the London board, is chairman of McGorquodale. He is a director of Hargreaves Group and due to become chairman on August 1. Mr Gordon Sykes is to reure from the board on July 31. from the board on July 31.

Mr Angus Grossart, menaging director of Noble Grossart, non-executive chairman of Scottish Investment Trust, has become a director of GLOBE INVESTdirector of GI MENT TRUST.

Mr Leslie Simmens, managing director of Pedigree Petfoods, has been appointed president of the INCORPORATED SOCIETY OF BRITISH ADVERTISERS (ISBA) for the coming year. He succeeds Mr Don McLure of the Beecham Group, who hecome vice president.

Mr Reg Morgan, recently re-tired chief executive and town clerk of the Borough of Brighton, has joined the hoard of THE BRIGHTON MARINA as non-executive director.

Following the recent acquisi-tion by EDGAR HAMILTON GROUP of the UK non-marine insurance husiness transacted by



Mr Peter Ciark. managing director of C. H. Pearce and Sens (Contractors)

As part of a development programme at C. H. PEARCE CONSTRUCTION Mr Peter Clark has been appointed managing director of C. H. Pearce & Sons (Contractors). Mr Tim Pearce remains director of Pearce developments Ltd. Mr Bernard Cripps hecomes executive chairman of C. H. Pearce & Sons (Contractors), while retaining his position as managing director of C. H. Pearce & Sons.

CREDITANSTALT has apappointed five assistant general managers at its London branch. They are: Mr Jim Cunningham, assistant general manager—credit; Mr Ray Cross, assistant

general menager—administra-tioo: Mr Martin Hutchinson, assistant general manager—finan-cial arbitrage; and Mr Paul Serfaty, essistant general manager—corporate banking. Mr Barrie Moore has been appointed manager—UK and European market-

Following the completion of the ecquisition by Abaco Invest-ments of the Toplis and Harding Group, Mr Robert Owen, Toplis and Harding's chief executive, has joined the board of ABACO.

Mr J. A. C. Bonnett has become managing director of BROWN SHIPLEY LIFE & PENSIONS. He also joins Mr Michael Cornwell (who contioues as deputy menaging director of Brown Shipley Life & Pensions) on the board of Brown Shipley Insurance Services.

Allied-Lyons, Mr David Beatty, managing director of Harveys of Bristol, bas been appointed chairman and chief executive. Mr Phillip Davey, maneging director of Vine Products & Whiteways, hecomes chairman and chief executive of that company and chairman of hoth Goldwell and Showerings.

Allied Breweries, the beer division of Allied-Lyoos, has appointed Mr David Cox, and Mr Malcolm Wright to the hoard.

business development unit and becomes corporate director.

THE EQUIPMENT LEASING ASSOCIATION has appointed Mr Alan Outten as the new chairman of the association. Mr Outten is director, corporate development, of the Forward Trust Group. Mr Derek Soper bas been appointed vice chairman.

Mr Ronald Aitken has been mr Monaid Aitken has been appointed chalfman, non-executive, of MARTIN FORD, and Mr Nicolas Wallis, Mr Irving Aronson, Mr Jeffrey Wallis, Mrs Marlene McAfee and Mr Edward Leighton have been appointed directors.

G. T. BOWRING & GO has made the following appointments: at C. T. Bowring & Co (Insurance) Mr B. G. Moore been appointed a director; Mr R. Pickup and Mr P. M. Williams have been appointed a cognitive accountry. THE ROYAL TRUST CO OF CANADA, a wbolly-owned subsidiary of Royal Trustco, has appointed Mr John Lovesey its managing director. Mr Anthony Best, currently menaging director of take up an appointed directors of Bowring Aviatioo: Mr F. T. Brundage, tor. is to take up an appointed directors of Bowring Aviatioo: Mr F. T. Brundage, a wholly-owned subsidiary of The Royal Bank of Scotland.

At ALLIED VINTNERS, the wines and apprints division of Allied-Lyons, Mr David Beatty, managing director of Harveys of Bristol, bas been appointed directors of Bowring Marine & Energy Insurance Brokers. Mr H. A. Barnes, Mr P. A. Cooper, Mr K. G. Fenwick, Mr I. R. Grant, Mr I. C. Haynes and Mr L. Reidle have been appointed directors of Bowring Marine & Energy Insurance Brokers. Non-Marine Insurance Brokers.

Mr Arne Nash, chairman of AVX, has joined the board of CRYSTALATE HOLDINGS as a non-executive director. Prior to starting AVX operations in Europe, Mr Nash was president of General Instrument Europe.

Mr K. W. Ketteringham has been appointed managing direc-tor of CHESSMINSTER.

# **BUSINESS LAW**

# Relief for directors

By Leo Herzel

what appears to be a dramatic statutory change in the lew governing the liebility of com-pany directors. A new statute\* which came into force on July 1, allows Delaware companies to excuse directors from liability for money damages for negligent injuries to their com-

Since Delaware is the state in which most large public companies are incorporated, the new statute is likely to have a very important effect on US company law. One state, Indiana, pre-empted Delaware and made a similar change in its corporations statute from April I and many, though not all, states can be expected to fol-

The immediate cause for the enactment of the new Delaware statute is a sharp change, ad-verse to directors, in the market for director and officer (D and O) liability insurance. The main reason for this change in the insurance market appears to be a large increase in claims and amounts paid out under D and O liability insurance poli-ciea. Stockholder suits, en-couraged by US laws and much more common there than in the UK, are one cause of the increase. The other is litigation associated with takeovers. The new Delaware statute is in-tended to repair partly the gap 1986). in coverage caused by the change in the D and O insur-change ance market.

There are several manifestations of this change. D & O insurance has become much insurance the coverage provided legal and economic has been reduced by several not always apparent. important policy exclusions. One of these excludes liabilities arising out of resistance to a tender offer for the company's

several reasons. In the US, a lated their duty of loyalty. And director cannot be indemnified in injunction cases damages are director cannot be indemnified to in injunction cases damages are by his company against liability for an injury (negligent or intentional) to the company.

One of the important purposes officers. The reason for this to provide directors with protection against liabilities and theoretical. Directors were the

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volving allegations of injury to their companies. The new ex-clusions in D & O insurance policies remove this protection.
Suits by third parties are less
of a problem because they can
usually be indemnified by the company.

Furthermore, for the first time in US legal history, directors of business companies (ie, not banks or other financial com-panies) are being held liable hy panies) are being held liable by the courts for negligent injuries to their companies. The case that has attracted the most attention so far is the Delaware Supreme Court decision in Smith v Van Gorkom, 488 A2d 858 (Del 1985) (see also this column June 5 1986), where directors were held grossly negligent and liable for large money damages in selling the money damages in selling the company at a premium of approximately 50 per cent over the market price.

Directors of target companies were also held to have violated their duty of care to target companies in two recent takeover cases that involved inover cases that involved in-junctions, not money damages. Hanson Trust PLC v SCM Corporation, CCH Fed Sec Law Reporter para, 92,418 (CA-2 Jan 6. 1986) and Revion Inc v Mac-Andrews & Forbes Holdings, Inc, CCH Fed Sec Law Reporter paro 92,525 (Del S Ct Mor 13.

The main cause of this change in the attitude of courts appears to be the pressure of takeovers and takeover defences. Courts, particularly in insurance has become much Delaware, are overwhelmed by more expensive and difficult to ohtain. Moreover, the amounts that insurers are willing to cover are being reduced. For those who can still obtain D & O and aggressive and the correct insurers the company approach. legal and economic analysis is

The recent decisions holding directors liable for violations of their duty of care to their companies can be explained by the courts' reluctance to pass judgment on the particular tender offer for the companys shares. Another excludes liabilities arising out of suits throught by the company itself judgment on the particular offensive or defeosive technique involved. Moreover, a finding if a violation of the directors The deterioration in D & O duty of care is far less damaging under the directors of finding that the directors vio in injunction cases damages are

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DELAWARE has just made litigation expenses in cases in-immediate problem, not officers. The coverage of the statute is limited to money damages and the right to equitable relief remains unchanged.

The new statute hecomes operative only through a pro-vision in the company's certifivision in the company's certifi-cate of incorporation. Under Delaware law that requires approval of a majority of the voting stock unless the com-pany's certificate of incorpora-tion calls for something more. While there will prohably be some complaiots from institu-tional stockholders, it is un-likely that many companies will likely that many companies will have difficulty in obtaining approval for an ameodment to the certificate of incorporation to take advantage of the new statute. Institutional investors will prohably vote for the changes since it does not suit them if able directors resign or hecome too cautious. Nor are they likely to want to repu-diate a decision made by a successful management.

The closest precedent for what Delaware is doing is an English Chancery case In re Brazilion Ruhber Plantations and Estates, 9 Eng. Ch. 425 (1911). In that case the court diamissed a derivative claim against a corporate director because, among other things, the corporate chartest excepted the director. charter exculpated the director from liability incurred in good faith. The court reasoned:

"The articles of the company provided . . . as follows:
No director shall be liable . . . for any loss, damage, or mis-fortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the aame happens through his own dishonesty.' . . . this article is intended to relieve directora who act honestly from liability for damages occasioned even hy their negligence, where such negligence is not dishonest. (It is not) illegal for a com-pany to engage its directors upon such terms."

Otherwise, the most relevant precedent is trust law where the beneficiaries may exculpate trustees from liability for

One should not expect immediate dramatic changes from this statutory change alooe. More will be required. For one more will be required. For one thing, directors will still need D & O insurance protection when the company is insolvent and there are still some violations of the federal securities laws that may not be indemnifi-able but can be insured against.

to be convinced that the risk of loss has really gone down before rates will drop. Courts will have to co-operate. If they shift from finding breaches of the duty of the finding to finding the convergence of the duty of the finding tree finding the convergence. the duty of care to finding hreaches of the duty of loyalty, nothing important will have een accomplished.

One drawback of any new legislation is that many of the consequences are difficult or impossible to predict. Societal interactions are too numerous and complex. One can only hope that all will go well with the new Delaware law, and if not, that changes will be made again as necessary. An advantage of Delaware as a state for incorporation has been its willingness to correct mistakes by statutory changes and court

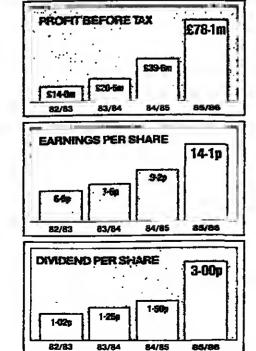
decisions.

In the exact words of the statute, a Delaware company's certificate of incorporation may now contain, among other things: "(7) A provision aliminating or limiting the personal liability of a director to the corporation of its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not alimitate or limit the liability of a director (1) for any breach of the director's duty of loyalty to the corporation or its stockholders. (ii) for acts or omissions nor in good laith or which involve intentional misconduct or a knowing violation of law, (iii) under section 77d of this Title, or (iv) for any transaction from which had director derivad an improper personal benefit. No such provision shall eliminate or himit the liability of a director derivad an improper personal benefit. No such provision shall eliminate or himit the liability of a director for any act or omission occurring prior to the data when such provision becomes effective. All references in this subsection to a director shall also be deemed to refer to a mamber of the governing body of a corporation which is nor authorised to issue capital stock."

Mr Herzel is a partner in Mayer. Frown and Platt, a Chicago firm of

# "CONTINUED EXPANSION SBRING RESULI STANLEY KALMS Dixons Group Chairman





## 1985/6 HIGHLIGHTS

- \* Group turnover (inc. VAT) now exceeds £1 billion
- \* Retail Division profits have increased from £31.2m to £65.5m
- Dixons sales are up 26%
- Currys performance has been transformed. Sales are up 27%
- \* Dixons sales per sq. ft. at £633, are up 15%, and Currys at £520, are up 21%
- Photo-processing profits are up 67%

### **PLANS FOR 1986/7**

- \* £50m shop expansion programme
- \* Over 100 new stores
- \* 175 store refurbishments
- \* Power City space expansion of over 50%
- \* New Financial Services Division for consumer credit and extended warranty insurance
- \* New photo-processing laboratory in Wimbledon to service Central

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Dixons Group plc., Dixon House, 18-24 High Street, Edgware, Middlesex HA8 7EG.

### NOTICE OF REDEMPTION

To the Holders of

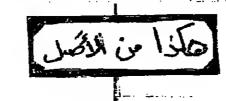
### Naamloze Vennootschap DSM 84% Debentures Due June 15, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of June 15, 1977 providing for the above Debentures, (the "Debentures") and Paragraph 7 of the Debentures, Naamloze Vennootschap DSM has elected to redeem all of the Debentures on August 21, 1986 at the redemption price of 100% of the principal amount thereof plus accrued interest thereon to said date to the amount of \$15.13 per \$1,000 principal amount of Debentures. On August 21, 1986, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a tat the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 1001S, at the main office of European-American Bank & Trust Company in the City of New York, or (b) at the main offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main. London, Paris, Tokyo and Zurich; the main office of European Banking Company Limited in London: the main offices of Amsterdam Rotterdam Bank N.V. in Amsterdam and Rotterdam; the main offices of Swiss Bank Corporation in Basle, Geneva, Lausanne and Zurich; and the main office of Banque Cenerale du Luxembourg in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a bank in New York City or by transfer to a dollar account maintained by the payee with a bank in New York City.

Coupons due on prior to June 15, 1986 should be detached and collected in the usual manner. On and after August 21, 1986 interest shall cease to accrue on the Debentures berein designated for redemption.

DSM (Naamloze Vennootschap DSM) by: Morgan Guaranty Trust Company OF NEW YORK, Trustee

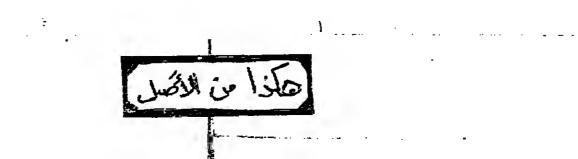
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Gentlemen of Verona) (8)  18 Care isn't exercised in such a case (8)	Gira be	Robert Fleming & Co Ltd		Access United   253.2 2894   3.77   1.78	76(p) 222.5 230.0 - L5 (Arcass Britis) 222.5 20.0 - L5 (Arcass Britis) 222.5 20.3 - L7 (Britis) 100.9 107.94 - 102 (Arcass Britis) 155.4 147.5 + 0.2 (15 Smaller Co. 25.5 745 - L8	0.23 (Accom Units) 200.0 229.4 -2.2 2 0.23 No Amer 6-19 110.7 118 No -3.1 0 3.35 (Accom Units) 125.5 137.4 -5.0 10 2.35 (Accom Units) 138.5 138.4 -5.0 10
money (6) 19 The board needs gold to set the scene (7)	Contac Secretalist Stands	25 Control Art, Lordon ECEX 137.  140 Event 1377. 1503-14 35.54  140 Event 1377. 1503-14 35.74  140 Event 1377. 1503-14 35.77  140 Event 1377. 1503-14 35.77  140 Event 1377. 1503-17  140 Event 137	M2 2AF 0903 893364	Occur has	147.0 147.0	3.50 (Access Units) 373.9 335.0 -0.5 10 3.5 3.5 3.5 3.5 3.5 3.5 3.5 3.5 3.5 3.5
about right (4)  21 Recommend intimate (7)  12 Look like going around for 22 Split about 7 down (6)	France Sees	Frankesten Group (a)	207 -0.3 207 645 -0.1 1057 12 12 140 130	MIM Unit Tot Mgrs Ltd 11 Describer Square, London EC2M 47% 01-620 3434 Describer 11-620 4273 0234 Describer 11-620 4273 11-620 4273 Describer 11-620 4273	Scienter Asset Management Ltd 13/36 Grandwick St. EC3V GAX 01-623 5776-	Second Sets
get together again (10)  19 Troops giving their names wrongly (3, 7)  24 A large number aim to effect some reform (5)  26 Taking issue over a note, lied	Univ. Europ	3 London Wall Stdpt, EC2M SND   01-625 5151   Cleinwert Senson III Ann. 6 Gra.   277.4   241.8   -10.0 0.53   Cleinwert Senson III Ann. 6 Gra.   277.2   247.0   -10.0 0.53   20 Femburth St. London E	C3 01-623 8000	Gold Liver Matter 175.9 97.6 -0.1 1.49 (Access Units) 196.4 767.4 -1.5 0.03 [Access Units] 196.4 767.4 -1.5 0.03 [Access Units] 196.5 196.2 -1.4 0.03 [Access Units] 196.5 196	European (25.9 25.4m -0.4 (Access Units) 27.7 27.4 -0.4 (Access Units) 27.8 29.5 -0.3	1.00 European Grands
20 The probability of advantage (4)	Decreme Streets Frank Ph. 95,0 -24 95 American Genetia Ph. 95,0 -24 95 American Genetia Ph. 95,0 -24 95 American Genetia Ph. 95,0 95,0 -6,7 62 American Genetia Ph. 95,0 95,0 -101 Employee Genetia Ph. 95,0 95,0 -101 Employee Cartin Ph. 95,0 95,0 105 Employee Cartin Ph. 95,0 95,0 105 Employee Cartin Ph. 95,0 95,0 95,0 105 Employee Cartin Ph. 95,0 95,0 95,0 95,0 95,0 95,0 95,0 95,0	Age Toward 2010 207 Cal 1.17 KS IN Extra (10km) 1 29.  (Access Units) 2016 25.0 -34. 1.17 KS IN Extra (10km) 1 29.  (Access Units) 2016 25.0 -34. 1.17 KS IN Extra (10km) 1 29.  (Access Units) 251.2 24.2 -1.0 1.39 KS F4 in To Acc. 14.  (Access Units) 251.2 24.2 -1.0 1.39 KS F4 in To Acc. 14.	8 905 -04 684 4 907 -04 255 6 244 -01 255 6 244 -01 255 15 255 -13 245	(Accept (1985) 78.3 83.9 +0.1 144 (J.S. Satoul Fairs 1875 77.5 -1.9 0.19	UK Epity Incom	5.05 UK House, Castle St. Salisbury SP1 3SM 0722 3362 5.05 UE Emiry
23 Be a flier and be off (4, 2) 25 Getting very heated in a wet Solution to Puzzle No. 6,074	Hara No Devicates 27.3 26.5ml	Community 6 GH 87 6 88.401 -0.2 1.22 RESearch Faller 10.0 Community 10.0 1.17 1.17 1.17 1.17 1.17 1.17 1.17		Access   Bets	Scottish Equitable Fund Mgrs. Ltd 28 St Antrov. Sc. Edinburgh 031-550	9101 Unit Trust Account & Mgart. Lini 240 20. Casthall Overus, London, EC2R 7PA 01-568 bbs
sort of way (8)  27 Assembly point—nicer to	trd. Ground 153 153 4 4 4 15 int. Review 77 1553 1223 - 6.4 2.5 Japan Feel Treat. 1513 71A - 12 0.0 Japan Seel Cart Tay 155 17A - 0.2 0.0 Bearmain Lacture Faul.	(Access Units) 1735 1844 +02 433 18 April 60 Acc	光 岩 温 强		Intel   Income (Inits	336 20, Capitall Overlar, London, ELZK 7PA, 01-508-600 330 Advisors: Heralerian Crostholatte & Co 2.85 Frans No. Cao, Fd
change this (8)  28 Rook when on the board (6)	American Internet	Margine   14   Margine   12   Margine   Marg	19 1074 -03 186 14 1144 -05 186 12 1073 -04 047 14 1077 -04 047 7 414 -04 047	Historier Franci Monorgers Ltd Mention House, Arthur St. ECAR 95H 01-623 1050 Histories Inter 90 125 105 04 04 452 Francis Inter 90 125 125 127 13 452	Technology 1902 123 -0.3	0.47 0.18 Vanguerd Trust Massagers Ltd 65 Holson Vachet, London ECLA ZEU 03,234 W
29 Minor French, German, and OEFELFIC 7 APROPOS English articles for example	NEL Treats Netter Cit & F L	Names income For		Marray Jelestone UT Mgst. (a)	Scottish Life Investments 19 St Andrew Sq. Edichurgh UK Early 18630 195.8 -0.6 Andrew 18630 154.1 -2.6	Abengelen Refre Assets
returned (5, 3)  NEOWS MUFFLESUP  Rind of food and exercise taken by eccentric aunt (6)	9-17 Perrymoget Rd, Hayndriffs HO 0444 45814 8.5. Perilate Fed 5-9 44 4 -84 3 15 8.5. Perilate Fed 5-9 44 5 -84 3 15	Robert Fraser Trost Sigt. Ltd  27 Appenante S. London W1  27 Appenante S. London W1  115 4  404 130 145 145 155 155 155 155 155 155 155 155	H2 3.It 033-225 4908	163 Kape Street, Glasson GZ ZUM 941-ZZ1 9252 American	Facility 180.9 -1.9 European 219.3 234.6 -30	1.34 Macrow United
DOWN OF THE E	Figure 1251 1349 -0.8 26 Correspond 122 -0.5 94 Higg legate 155 155 herose 1760 88.71 -0.2 425	But Friends Prov. Trust Managers (A)(b)(c) LAS by Long to Low (c) Priends Prov. Trust Managers (A)(b)(c) LAS by Low (c) Puthure End, Dorking Tel: 0305-885055 LAS Longens	2 4414 -04 000 2 4354 -04 050	1997   299	107 St Vincent St, Glasgon G2 5010 041-248: European 177 5 189.3 -5.6 Gats & Frank Inc. 1115-9 123-4 +0.1	1.31 (Access lives) 214.2 227 q -0.5 q 1.31 (Access lives) 214.2 227 q -0.1 q 2.75 Special SWs. 425 q4 km -0.1 q
1 Petition—very proper (7) . GUALUER SWOWWWW. 2 Nine great characters made UWWW. 6 7 R. A. U.	North American   150   13   15   13   15   13   15   13   15   13   15   13   15   13   15   15	F F. Conty Units	SC2R 78E (IL-Arm 7400)	Amer. Lucies July 10. 341.1 354 Tel 206 Euro Europe July 16. 341.5 356.7ml 134 Lucies Europe July 16. 422.6 444.2 110 Report Lucies July 17. 221.5 232.6 -0.5 423	Gelts & Flage Inc. International George. 190. 105.4 - 2.3 Shorts Amyrican 105.2 112.0 - 1.7 Page 15.2 172.5 - 11	7.75 Special Set
2 Nine great charecters made this country (9) 3 RAF officer accepting breek with all speed (6)	Sale Co Prise 144 Bit - 0.0 0.7 17.0 17.0 17.0 17.0 17.0 17.0 1	F.F. Severation 1700 1809 -0.4 174 165 to Food 190 00 Accom 175.4 186.5 -0.4 174 165 to Food 175.4	15 267 3 45	ST vine Crassic and references	UK Seed Car Emply helps 158.0 +0.2	200 (Acces Units)



ORANGE JUICE 15,000 lb, cunts/

PLATINUM 50 troy oz. \$/troy oz

SILVER

Minerals, Metals and Trading

To date, detailed negotiations

a privately owned holding som pany. RST, which has interest

in the Zambian mining in-dustry, is hoping to start mining the rich alluvial deposits in the Cafunfo area,

where s rehabilitation project

is due to be completed in October by another ITM subsidiary, Intraso Corporetion. The long term future of the

diamond mining industry hinges, however, on 2 resump

tion of prospecting, which has been at a virtual standstill since

tant to finance the full costs of exploration and development

under a PSA, as the Govern-ment la now requiring. RST is

equally unhappy with the Government's new philosophy

and has rejected the PSA terms

Indian tea

production

down sharply

By P. C. Mahanti in Calcutta

end May production was 35.14m

kilos behind last year's. It is

believed the abortfall remained practically unchanged during

With production declines in

Sri Lanka, Bangladesh and African countries the world

crop as a whole was trailing behind last year's figure by 45m

kilos at the end of May, traders

Indian tea export figures

relating to early months of the

year (January to April) show

a fall of 10m kilos at 46.08m

Government's sbare.

# Angola in struggle to save its ailing diamond industry

Angola (Diamang), the dismond mining company in which it has a 77.2 per cent shareholding, as part of a sweeping reorganisation of the sweeping to the company's troubled diamond industry. Mr Henrique de Carvalho Santos, the Industry Minister, said the proposal would be put to the company's foreign thareholders which foreign shareholders, which include the Société Générale de Belgique (12 per ceot) and Sibeka (6 per cent), ot a board meeting in Luanda today.

Founded in 1917, Diamang was one of the largest producers of gem diamonds in the world before Angola's independence in 1975. In the early 1970s dence in 1975. In the early 1970s it was producing over 2m carats a year, 90 per ceot of gem quality. By last year, however, ontput was down to 714,000 carats.

The upsnot of all this has been a precipitous declice in both the volume of Diamang'a production and the sverage carat value of its sales, from \$158 per carat in 1980 to \$45 per carat in 1985.

Over the past three years the company has been beset by Units guerrilla attacks on its diapersed mining centres in the remote north-eastern province of Lunda Norte, the kidnapping of scores of foreign technicians, the disruption of overland transport to the mines from the coast, and rampant diamond theft and smuggling.

It was in February 1984 that Unita first struck at the in-dustry. A force of several huodred guerrillas invaded the mining centre of Cafunfo in Cuango, the richest of Diamang's three divisions, and

seized 62 expatriates.

The Cuango division has been closed ever since. The other two divisions, Andrada and Lucapa, have struggled on, though Andrada was the target of Uolta'a latest and most aensational attack, on March 1 this year. Over 180 foreigners were kidnapped on that occasion and taken across the nearby border in Zaire.

Unita is not just a threat to the scattered mining centres. The 750-mile road from the coast to Lunda Norte is prone to amhushes and mines, and convoys of trucks now take about three weeks to make the Despite the enormous cost,

Australian mine

By Patricis Newby in Melbourne

THE INDUSTRIAL dispute which has closed the Broken Hill lead, zinc and silver

court in Sydney toda

after the failure of efforts to

Ten days ago the full bench of the New South Wales In-

of the New South Wales Industrial Commission ordered
the parties to negotiate on the
reopening of the mines.

The unions, led by their
industrial body, the Barrier
Industrial Council, had already made a substantial
concession by moderating
their previously implacable
opposition to might whits

opposition to night shifts. However, the union's sug-

gestions for a resolution of the dispute fell short of the

interim award brought down in May by the Industrial Com-

mission. This would have

mission. This would have enabled the mines to operate 21 shifts a week including night shift in more parts of the mioe than the workers are prepared to allow.

The sompanies involved, the CRA subsidiary Australian Mitting and Smelting and North Broken Hill, made o counter offer which was not

made public.
The unions have rejected the counter offer, so the matter goes back to the Indus-trial Commission.

reach agreement.

dispute goes

back to court

THE ANGOLAN Government Diamang has been forced to rely is proposing to liquidate the pn air transport to shift mine Companhia de Diamantes de equipment, spare parts, fuel and consumer goods to the mining

> Unita is not the only problem, however, it is estimated that as much so half of Diamang's production is being stoleo. Diamood theft is a means of survival in Lunda Norte, and even the diamond Norte, and even the distinct iodustry's special police force, the DSD, is alleged to be in-volved in traffickiog. Coosumer goods are in such short supply that diamonds are bartered for food, beer and clothes brought across the border by Zairean smugglers.

The upshot of all this has

Mr de Carvalho Santos claimed that De Beers' Ceotral Selling Organisation (CSO), which until December had an exclusive marketing contract with Diamang, "devalued" Angola's output De Beers offi-cials, by contrast, ascribe the fall in value to the closure of the rich Cuango division and the theft of the hest stones. Whatever the truth, the com-

bioed falls in the volume of production and average carat value have been devastating for diamond export revenues, which fe)] by 72 per cent between 1980 and 1985, to a mere \$31.9m last yastr, when they cootributed

yastr, when they cootributed ooly 1.6 per ceot of total export earnings of \$20n.

Since then the crisis has deepened. At the end of December s mine management sootract held by De Beers' Mining and Technical Services (MATS) expired, along with the CSO's marketing soutract.

CSO's marketing sontract.
In the first quarter of 1986, diamond production fell to only 69,139 carats. Annualised this is less than half the 600,000 carst less than thaif the 600,000 carst target in the Government's 1986 invisorment from subsequent their interestment from subsequent their investment from subsequent their collapse of 17,000 workers and the collapse of 18,000 workers are run-

the National Statistical Office.

The bulk of the fall in pro-

duction, estimated at 11.4 per cent, will come in the crops

sector, while meat and animal products' output are expected

However, even this increase is dependent on the Govern-ment taking steps to encourage greater production, such as tipe establishment of milk subsidies.

if it does not, the Brazillan Institute of Geography and Statistics (IBGE) argues, a further decline in output can be

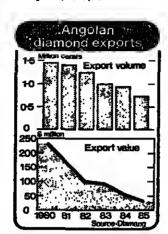
According to the latest research, land under cultivation has increased by some 3.5 per cent. But this is not sufficient to make up the shortfall on last

predicted by the year-end.

to rise by some 1.5 per cent.

pay for the air shuttle service de Carvalho Santos claimed, from the coast. Diamang is now citing RST International, the from the coast. Diamang is now heavily in debt to the central

Government is determined, however, to avoid closing down the diamond industry. It is desperate to reduce reliance on oil, which now accounts for over 95 per cent of exports, and, since half the



population of Lunda Norte depends directly on Diamang for its livelihood, the fate of the industry has profound social and security implications in a region in which Unita forces are thick on the ground.

According to Mr de Carvalho Santos, the diamond industry is to be reorganised on completely new lines after Diamag's dis-solution. The diamood rich areas are to he divided into blocks, which will he contracted to foreign companies under pro-duction sharing agreements

The new approach is based on that employed successfully in the oil industry, where PSAs ohlige the foreign operator sompanies to take on the full risk of exploration, raise their own finance and recoup their

Brazil is likely to be back in

the market for EEC beef next month after successfully com-pleting a purchase of 100,000

tonnes last week, writes Tim Dickson in Brussels.

Traders acting for the Brazilian Government bought the meat at an average "ex store" price of Ecus 430 per 100 kg which represents a substantial dissount on the terms of the deal negotiated by the US with the same curtament.

of the deal negotiated by the US with the same customer earlier this year. The EEC beef will be despatched as soon as possible and will come from France, Italy and West Germany.

Brazil is known to be seeking

cent. But this is not sufficient to make up the shortfall on last year's exceptional harvest.

Many products will, however, register increases. Rice production and to keep up the momentum of its tough antition is expected up by 15.6 per cent. second harvest potatoes up 5.9 per cent, and Feijao beans up 24.1 per cent.

Droughts in the central and southern regions have hit crops of several other products, with cotton expecting an 18.7 per cent fall and soyabeans register.

Brazil is known to be secking yet further supplies to meet o sudden shortage in domestic production and to keep up the momentum of its tough anti-inflation programme. A new life held to mid-August when Brazil could be interested in anything between 30,000 tonnes and 60,000 tonnes.

The EEC meanwhile is a willing aeller in view of the cotton expecting an 18.7 per cent fall and soyabeans register.

Brazil's farm output

hit by drought

### LONDON MARKETS

COCOA prices fell back on the London futures market yesterday in spite of news from Geneva that consumers and producers had succeeded in renegotiating the price stabilising International Cocoa which seemed only a faint possibility before the current round of talks started at the beginning of last week. The Corporation of India and Lonrho. He wants the son-tractor companies to make their September position finished at £1,364.50 a tonne, losing £20 of the £92 it had gained since the talks started. Yesterday's fall was infloenced by profit talking as engaged. own marketing arrangements for their share of production, and is anxious to avoid giving the CSO an exclusiv contract for the marketing of the by profit taking as specula-tors who had bought in res-ponse to the better-thanexpected news coming from Geneva, took their profits—a classic case of "buy on the have hegun only with RST, a subsidiary of ITM International

### ALUMINIUM

	close(p.n £ per	tonne	High/low
Cash 6 months	728.5-8.5 744.5-4	-7.5 -8,75	722/786.5 752/741
(734.5-5.5) (750.5-1.5) Finel Kerb	closing (i , three , settlem close: 74 ; 16,900 t	months en: 729.6 0.5-41.	nh 729-8.5 745-5.6 (735.5)

rumour, sell oo the news."
LME prices supplied by
Amalgamated Metal Trading.

### COPPER

	virtual standstill nce, and on i		Tumover;	16,900 to	nnes.		
meot in Uotil nov	lei-sahawlita wa	ining.	COPPER				
been explo	oited.	- 1	0 rade A	Unoffic'i	+0	High/low	
diamond b	re at least six k earing kimberlit vith good prosp	e ore		882 J 202-2.5	-2	881/880.8 902.5/899	
\$500m inve	one or more of bahly require at estment, and ever of circumst	least (8	Official cla 33-3.5), thi setlement se; 898-8.5	me month t 881 (88	a 899	.5-900 (902	
production until the		begin Ca	tandard sh nonths	844-6 869-71	+.5	843/841 868/866	
the kimber	detailed studie	refuc- (8	Official clo 10-2). Ihre ttiement 84	e month			

### LEAD

and has rejected the PSA terms proposed for the resumption of mining at Cafunfo.	
The fate of the industry now bangs on the Government	
reaching a satisfactory arrangement with foreign partners. If this continues to prove elusive, the industry risks complete collapse.  Topy Hodges is Africa editor.	Official closing (am): Cash 247,5-8 (249-5.5), three months 253-3.5 (255-5.5), estriamont 248 (249,5), Final Kerb close; 254.5-5, Turnover: 8,775 tonnes. US 5pot: 21-24 cents per pound.
at the Economist Intelligence Unit.	NICKEL

	Unofficial + pr close(p, m.) - £ per tonne	Nightilo
Cash 6 months	2680-90 -47 2640-5 -34.5	2615/28 3670/28
(2605-15), 7), settlen close; 263	closing (am): Cas three months 267 nont 2610 (2615) 0-35, r. 1,104 tonces,	0-1 (265

BRAZIL LOOKS set to suffer 2 7 per cent fall in agricultural content this year according to	ing a decline of as much as 27.3 per cent. Many vegetable crops have also been hadly bit.	INDIA'S TEA production has dipped sharply over the first five months of this year, according to firm to first the Team of the stand by the stand b	KUALA LUMPUR TIN MARKET: Close 14.22 (14.19) ringgit per kg. Up 0.03 ringgit per kg.
the National Statistical Office.  The bulk of the fall in pro-	and almond production may be down almost 37 per cent.	ing to figures issued by the Tea Board. At 132,5m kilos up to	ZINC

ZINC		
Nigh grade	Unolficial + or closelp.m.) - £ per tonne	High/low
Gash 3 months	546-7  +4 540-1   —	548/544 542/538
(549-S.C), settlement close: 538 Turnover	three months 539-4 549 (549.5) F	ash 548-S 0 (546-7), inel Kerb US Primo

Cold rose \$1, to \$347-3471, on the London bullion market yesterday. It opened at \$348-3492, and touched a peak of \$3481-350, refiscting the decline in the value of the deliar. Underlying santiment was ganerally beside however, and the metal introsted to finish at the day's low. It was fined at \$348.36 in the morning and £347.60 in the situmoon.

# GOLD ZULLION (fine ounce) July 15 Close...... 8347 34712 Opening... \$340 34812 M'n'g lix. \$348.85 Aft'n'nfix \$347.60 GOLD AND PLATINUM COINS

# SILVER

# Silver was fixed 0.45p an ounce lower for spot dolivery in the London builton market yeareday at 336.1c. US cent equivalents of the Baing levels were: spot 500.5c. up 5.5c; three-month 516.25c, up 5.45c; six-month 524.4c, up 5.7c; and 12-month 541c. up 5.6c. 7he metal opened at 3367-340p 1510-512c) and closed at 3367-337p (506-508c).

ot conthe, ponthe, monthe	336.10p 343.95p 353.20p 558.10p	-8.66	333p 346.5p —	-1.0 -
ncse. Three m	enover: 6	-		

profit-tak slightly interest	ing. Clower d but wit Capital	attle lus to thout t	prices hedge	closed selling reports
	CATTL	E	LIVE	PIG8
Month	Y/day' •	+or	Yiday's close	+01
Aug Sept Oct	97.60 98.80 98.80			+0.60

Cettis sales: 0 (10) lots of 5,000 kg.
Pig sales: 5 (10) lots of 3,250 kg.
MEAT COMMISSION—Average fatstock prices at representative markels.
GB—Cattle 96,68p per kg lw (-0,52).
CB—Sheep 178,350 per kg ost dow (+0,77). GB—Pigs 74,00p per kg fw (-0,62), GB—AAPP 97,25p por kg dw (-1,42),

### US MARKETS INDICES COCOA FUTURES closed

8 , 1414,8 1535.9 1896,6 E: September 19 1931 = 700)	suming and p had agreed including a
W JONES   July July Month Year   15   14   agp   ago	median price national Agr Reinold. Tr buying for a
125.05 184.70 — 116.75 114.12 112.64 — 117.65	amid bopes a

### MAIN PRICE CHANGES in tonnes unless otherwise stated.

REUTERS

DO

	July 15	+ or	
	1986	-	مهد
METALO			
Aluminium	aí i	:	<b></b>
Free Market	81190210		\$1265/275
Copper			-
Cash Grade A	2,8882	' <b>_2</b> ;	0.0763
3 mths	.L£902,26	<b>⊢</b> ₽_	£256,5
Gold Troy oz	8347.25	+ 9.5	93.055
Lead Cash	.E248,25	····	£201.0
3 mths	.HX54,20		**899**2
Free Mkt	70.100.		105,006
Palladiom oz	871930	In za	2110 70
Platinum oz	8438 16	15 86	84.14 75
Dujokalivert	2 1 90 /500		821B/720
2  Wer troy oz	358.10a	-0.45	337.70p
2 liver troy oz	348.96p	-0.65	345.50p
Tin	4		
Tin free mkt	. C3660/620	20	£5600/30
Tungaten Wolfram 22,61b.	. 854,42	i	\$58.73
Wolfram 22,81b.	1842/50	ļ	842/50
Zino	.2545.5	+4	
5 months	.E540.8		2544,75
producers .	-120 <del>-1</del> 0	<u> </u>	130-0
OHE			
Conchiet (DLID	-00 TO		#056 E

de A	Unoffic'i	+0	High/low	Maize E135 E1Wheat Fut Nov. E102.80 E1	L3
iths	882 5 202-2.5	-2	881/880.6 902.5/899	OTHERS	
1.5), ti tiamer 898-8	me month	a 899	seh 880.\$-1 5-900 (902- Final Kerb	Cocoa Ft. Sept   \$1364.5   -20   £7 Ooffee Ft. Sopt   £1891.0 - 170.054 Cotton A Ind.*   37.65c   -0.054 Gas Oil Sept.   298.2 +0.0   2 Rubberikio   50p +0.755 Sugar Iraw   \$120.5w-3.8   8	18 1.0 11 7.6 15
dard the	844-6 869-71	+.5	848/841 868/865	* Unquoted, † Per 75 to Sesk, oper pound, y July-Aug, s Aug, v Sest, a Cotton Guttook.	7
). Ihr	ee month	a 868	Ceah 842-3 .8 (864-6), cents per	COCOA	_

### COCOA

Futures traded in a subdued lashion or most of the day before rumourn coweries the close regerding a successful outcome to the coces mike caused their losses. Origins were withdrawn but manufacturer interest we noted,
mports Cill and Oulfue.
Yestorday's

COCOA	Close Close	+ or	Business
COCOA	£ per tonne		Dona
uly	1330 1335		
apt	1364-1666		
ea	1405-1407		1408-1408
arch	1485-1436		
my	1462-1455		
	1467-1470		1486-1480
opt	1486-1490	21.0	1500-1480
Sales: 3,4	189 (4,409) lo	ts of t	O tonnes,

# ICCO indicator prices (US cents per pound). Belly price for July 15; 91,75 90.27); five-day average for July 16; 80.00 (89.48).

### COFFEE

Sumhem Lambert, Physical Interest appeared Finited by the market drifted	July Oct Dec	33.25 34.28 35.35	33.
lower in early trading. The commission house buying appeared in early afternoon to hold levels.		DIL (L)( US gallor	115, S
OOFFEE Yesterday + or Business Done	Aug Sept	12.56 12.06	12. 12.

		1	
uly	1872-1876	-16.5	1885-1860
lept	1891 1892	-17,5	1910-1866
tov.,	1920-1922	-25.5	1845-1885
8.F1 ter	1255-1959	-55,5	1975-1985
dar	1920-1990	-7.5	2004-1970
Aay	MOUS MOIS	20 5	2017-2016
uly	POSO-POS	-34,81	2010
Colon, 41	DOC 10 43E		

# Seros: 4.986 (8.425) lots of 5 tonnes. ICO indicator prices (U5 cents per pound) for July 15: Comp delly 1979 152,74 (149.05); 15-day averago 142.12 (142.20).

# SOYABEAN MEAL

	elose L'ater d'As	+0	Done
August	£ per tonne 125,4-126,8 125,6-120,8 126,0-126,2 128,0-128,9 128,0-128,9 128,6-128,9 128,6-128,8	+ 0.25 + 0.50 + 1.95 + 0.15 + 1.10 + 1.50 + 1.80	

### GRAINS

New crop wheat was insuenced by
Shipper support against switch trade
selling of barley. This trend continued
throughout the day after carly hedge
selling pressum, closing with keen
trade buying interest, reports T. G.
Roddlek.

# BARLEY +0.19 +0.05 +0.05 +0.06

LONDON GRAINS-Wheat: US Der
Northern Spring No. 1, 15 per can: Aug 93.75, Sept 83.25, Oct 94,75, No.
97.00 sellom, transhipment East Coas
US No. 2 Soft Red Winter: Aug 90.00
Sept 90.75, Oct 91.25, Nov 93.25. EE
second-half July 117.50. English less lob: Sept 101.00-102.00. Oct 103.50
104.50, Oct/Occ 106.00-105.75, Jan
Merch 111.00-111.50 buyern/sallers
April/June 118.50 buyer. Maize: US No 8 Yallow/French, transhipmont Ess
Coast: July 135.00, Barley: English feed
fob: Aug 99.26-99.76, Sept 101.00-102.0
buyors/sallern, Oct 104.00 buyer, Oct Dec 106.28-107.00, Jan/March 111.00
112.00 buyern/sellers.

reis bei d Karpe		ports Coley
onth Ye	ciose Previo	Business done
	£ per tonne	
×	110.50 115.50	] 18,00-118,00
ıb dı	188,50125.50	
)r	177,50 166.50	177.89-195.0
8 <b>y</b>	189,50 177.50	187,00
×	85,70 81,30	·

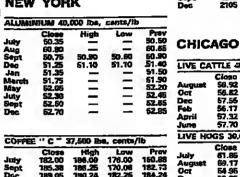
# Gee oil prices opened down but firmed during the dey's trids. Nephtha was thinly traded but telk levels wern higher. Gesuline prices wern assessed weaker lollowing deals at very low

### moderately lower due to sell-ing on news that cocoa conproducing nations on a package 103c per pound for s new Inter-

and rumours that at would be a settlement would be reached. When the agreement came they took their profits by liquidating long positions. However, traders in hoth London and New York said the median 193e price was not hullish because the present cocca price was above the level at which the huffer stock manager sould begin purchases. Coffee futures turned mostly higher towards the close in o late recovery from early profit-taking declines after three consecutive sessions of limit-np gains. The market was dominated by day traders with o lack of volume on trades indicating the hig ployers were standing aside. Traders sighted the resumption of short-covering and speculator huying and said the market still showed concern about dry weather in

# cern about dry weather in Brazil's coffee areas even though it is seasonally normal.

### **NEW YORK**



COPPER 25,000 lb, cents/lb

80.75 61.00 61.56

High 12.60 12.10 12.05 12.15 12.00 12.00 12.00 12.05 12.05

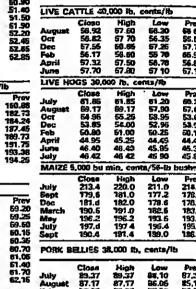
350.1 347.7

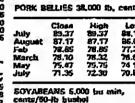
374.8 378.2

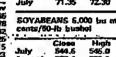
COLD 10 Duray oz, S/tray az

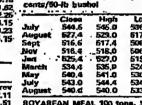
HEATING IIIL 42,000 US gallous, conts/US gallons

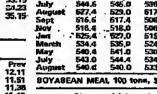
11.85 11.16 11.06

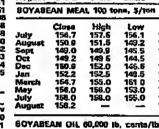






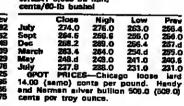




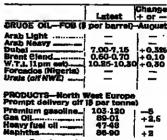


# July August Sept Oct Dec Jan March May July August 18.32 16.30 16.45 15.60 17.12 17.30 17.50 17.95 18.17

# WHEAT 5,000 bu min, cents/60-lb bushel

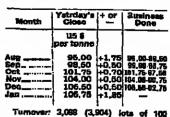


levels. Prices edged up in the 15-day 8mn; merket with September reported as figh as \$10.15 and August at \$9.50. Nymae WTI opened 13c down but re-covered during the morning to trade 20c up in August by 1.30 EDT—Pet-roleum Argus. London.



Turnover: 3,904 (1,340) lots of 100

### GAS OIL FUTURES



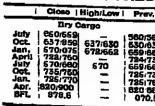
### RUBBER

PHYSICALS — The London meri
ppened steadler, attracted little intere
at the higher levels and closed qui
and uncertain, reports Lewis and Par
Closing prices (buyern): Opet 59.0
(58.25p): Aug 58.00p (57.25p): Se
\$9.00p (57.25p). The Kuala Lump
(ob price (Maisysian cents per ko
RSS No. 1 215.0 (212.0) and BMR
190.0 (189.0).
FUTURES Index 579, Aug 577-68
Sept 575-582, Oct-Dec 571-576, Ja March 581-588, April-June 593-57
March 581-588, April-June 593-57

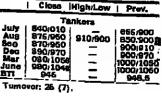
LONDON OALLY PRICE—Raw suggr \$129.50 (£84.00), down \$3.50 (down £3.00) a tonna for Aug-Sept delivery. Whim sugar \$170.50, down \$1.50.

Sales: 2.167 (3.421) lote of 50 tonnes.
Tata end Lyle delivery price for granulated bears augar was \$188.60 (£190.00) a tonno for oxport.
International Sugar Agreement—(US cents per pound lob and stownd Caribbean ports). Prices for July 15: Onliberts 60 (America 50) n ports). Prices for July 15; Osity te 5.08 (4.95); 15-day suerego 5.47

# Price 5.08 (4.95); 15-day suerago 5.47 (5.52). PARIS—(FFr per ronno): Oct 1215/1223. Occ 1235/1250. March 1289/1275. May 1306/1320. Aug 1360/1380. Oct 1400/1420. FREIGHT FUTURES | Close | High/Low | Prev.







# The EEC's farm budget time bomb

IF EEC farm spending is best described as a time bone that a 10 per cent fall in the chicking away under the Community, the time boocured the consensus from successfully accomplished.

Now that the dust has settled after last week's battle in Strasbourg over the 1986 budget, the consensus in Brussels to the following the prepare the ground this mooth for coexitations over the 1986 budget, the consensus in Brussels to the following the consensus in Brussels to the following the prepare the ground this mooth for coexitations over the 1986 budget, the consensus in Brussels to the following the prepare the ground this mooth for coexitations over the 1986 budget, the consensus in Brussels to the following the prepare the ground this mooth for coexitations over the 1986 budget the consensus in Brussels to refer back to the prepare the following the properties to the town of the consensus in Brussels to refer back to the prepare the following the properties to the usern programment and the prepare the ground this mooth for coexitations of the prepare the ground this mooth for the ground this mooth for the ground this mooth for the ground the prepare the ground this mooth for the ground the ground the ground the ground the ground this mooth for the ground the ground

SILVER Buillon + or LM.E. p.m. unoffic' MEAT

Jan...... 99.50 +0.50 - - +9.00 Feb...... 99.60 -0.50 101.50 +9.00

# **POTATOES**

Sales: 1,272 (1,091) lots of 40 tonnes. Earlies—July 88 00, --0.00, 95.00-88.00: Aug 80.00, --2.50: Sapt 80.00, -2.50. Sales: 10 lots of 10 tonnos.

# CURRENCIES, MONEY and CAPITAL MARKETS

range against the dollar in 1986 is 202.70 to 158.33. June average 187.50. Exchange rate index 214.8 against 176.1 six months

187.50. Exchange rate index 214.6 against 176.1 six months age.

The yen was strong against the dollar in Tokyo yesterday. The US currency touched a record trading low of Y158 in the morning, before closing ~; Y158.30, compared with Y159.85 on Tuesday. Dealers expected a further decline by the dollar, but were reluciant to create large short positions for fear of central bank intervention. It was not clear whether the Bank of Japan intervened yesterday. There were suggestions of small scale dollar buying by the central bank, but there was oo strong evidence, and it was generally felt the Japanese authorities were reluctant to encourage criticism from the US, after last week's discount rate cut by the Federal Reserve. Mr Satoshi Sumita, Governor of the Bank of Japan, said there will be no cut in the Japanese discount rate merely to attain stability on the foreign exchanges.

**CURRENCY RATES** 

\* C\$/SOR rate for July 15: 1.62860.

### FOREIGN EXCHANGES

# Dollar touches new lows

ter 2 IN NEW YORK

1. Suly 16 Latest Prov. close Brothers quarterly report. The Brothers quar The dollar continued to weaken yesterday on further signs of sluggish US sconomic growth. The scene was set overnight, when Mr Henry Kaufman, chief economist at Salomon Brothers, suggested the dollar was likely to fall to Y150 and DM 2.00. Salomon Brothers, suggested the dollar quarterly forecast also pointed to the US Federal funds rate falling to about 6 per cent before the year-end. After falling below the resistance pointed of DM 2.16 the US currency hovered nervously around DM 2.15, where it was felt the West German Bundesbank might be prepared to provide support. Figures released yesteday showed May US business inventories falling 0.3 per cent after a revised 0.1 per cent after a revised 0.1 per cent after a falling to 78.3 per cent in June from a revised 78.9 per cent in Hay. This data had little impact, but was further evidence of allow growth in the US economy, and continued to undermine confidence in the dollar fell to the lowest the dollar fell to the lowest the salom of the providence of allow growth in the US economy, and continued to undermine confidence in the dollar fell to the lowest the dollar fell to the lowest to the salomon for the providence of allow growth in the US economy, and continued to undermine confidence in the dollar fell to the lowest the dollar fell to the lowest the first providence of allow growth in the US economy. And continued to undermine confidence in the 2520 Richange rate in the 252 1.5355 to 1.2789. June average 1.5863. Exchange rate index rose to 73.9 from 73.7, compared with 78.0 six menths age.

Sterling improved, in spite of a depressed market for North Sen oil. The weakness of the dollar turned attention away from the pound, which gained 1.80 cents to 51.5130-1.5140. Sterling also rose to DM 3.2525 from DM 3.24; to FFr 10.5075 from FFr 10.4575; to FFr 2.6375 from SFr 2.6375 from SFr 2.637, and to Y239.75 from Y239.50.

DMARK — Trading range against the dollar in 1986 is 2.4716 to 2.1495. June average 2.3320. Exchange rate index 136.5 against 121.6 six menths ago.

The D.Wark improved against

dollar.

The dollar fell to the lowest level since April 1981, at DM 2.1495 from DM 2.1695; to the lowest since November 1980 at SFr 1.7420 from SFr 1.7595; and to a record low of Y158.35 from Y159.45. It also weakened to FFr 6.9425 from FFr 6.9425. On Bank of England figures the dollar's index fell to 112.9 from 113.2. The dollar fell to the lowest level since April 1931, at DM 2.1495 from DM 2.1660; to the lowest since November 1980 at SFr 1.7420 from SFr 1.7585; and to a record low of Y158.35 from Y159.45. It also weakened to FFr 6.9425 from FFr 6.9425 from FFr 6.9425 from the lowest since weakened to FFr 6.9425 from FFr 6.9425. On Bank of England figures the dollar's index fell to 112.9 from 113.3.

STERLING — Trading range against the dollar in 1986 is D-Mark, after the US currency

POUND SPOT-FORWARD AGAINST POUND

% Three p.s. Three p.s. Torree p.s. Torree p.s. Torree p.s. 1.25 p 

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Close One name: p.s. months

1.8130-1.8140 0.44-0.41c pm
1.3765-1.3765 0.50-0.35c pm
1.3765-1.3765 0.20-0.23c dis
2.4230-2.4210 0.79-0.48c pm
44.36-4.45c 1-3c dis
2.031-8.04+ 0.80-1.80c dis
2.1430-2.1500 0.38-0.35c pm
1487-1487\* 0.38-0.35c pm
1487-1487\* 0.38-0.35c pm
1487-1476\* 5-7.5c dis
2.06-7.487\* 5-7.5c dis
2.07-7.6840 0.37-0.22 pm
1.5c 0.96-7.5c dis
2.17-16-104 2-7.7c dis
2.17-16-104 1-7.7c dis
2.17-16-16 1.8010-1.8156 1.3848-1.303 1.3720-1.3766 2.4150-2.4330 46.30-44.50 8.02-8.084 2.1460-2.1676 148-1487, 136.70-137.24

EXCHANGE CROSS RATES

mty 16; & | 8 | DM | YEM | FFr. | 2 Fr. | H FL | Lira | CS | 2 Fr. 1 1.514 3.255 238.6 10.51 2.658 3.663 6233. 2.081 67.20 0.661 1, 2.150 158.4 6,943 1.749 2.431 1475. 1.576 44.40 9N 0,307 0,465 1, 73.71 3,231 0,811 1,126 885,4 0,540 20.56 YEM 4,171 6,313 13,67 1000 45,95 11,00 15,26 9312, 8,689 290,5 FFr. 0,962 1,440 2,095 288,2 10, 6,510 5,486 2125, 1,962 65,95 0 Fr. 0,379 0,574 1,235 90,90 5,984 1, 1,389 946,4 0,780 25,48 R FL 0.273 0.413 0.888 55.46 2.869 0.720 1, 609.6 0.560 16.85 Lira 0.448 0.678 1.457 107.4 4.707 1.151 1.641 1000 0.983 30.10 C\$ 0.480 0.727 1.861 115.1 8.044 1.266 1.706 1072 1. 52.26 BFF. 1.488 2.352 4.840 356,8 15.64 3.925 5.450 3522 5.100 100 Yen par 1,000: French Fr per 10: Lire per 1,000: Beig Fr. per 200.

**EURO-CURRENCY INTEREST RATES** 

Year Dre 97g-101 6-6-6-7 6-14-81g 55g-57g 16g-17g 4-7-7-7-6 95g-11 9||-10||-5||-5||-8||-5||-8||-5||-6||-5||-4||-45||-7||-7||-105||-11||-97g-10 57g-57g 8-81g 61g-51g 6-51g 41g-41g 72g-71g 11-111g 7-714 656-756 469-416 014-934 639-668 7-714 016-716 456-414 816-946 619-646 7-714 616-736 4(1-434 9-912 014-652 #.Fr.(Fla). Long-term Earodollars: Two years 8'-7's per cant; three years cant; four years 7'-7's per cent; five years 7'-8's per cent nominel. rates are call for US Gollars and Japanese Yen; others, two days'

FINANCIAL FUTURES **Better tone** 

Sterling based instruments were firmer in the London International Financial Futures
Exchango yesterday. Sentiment was help by a recovery by sterling and a weaker dollar. Cash rates stabilised and the knock on effects of lower oil prices were forgotten for the time being. The September price for three-month sterling deposits oponed at 90.24, up from 90.18, and improved on short covering to a high of 90.34. It finished at 90.32.

Long gilts were also firmer with the September price of 120-23 to high of 120-23 to meets today, but is not expected to change credit polities, in spite of last week's cut in the US dis-count rate.

JAPANESE YEN — Trading

Tuesday.
Euro-dollar prices showed little overall change. The September price opened at 93.64 and moved to a high of 63.65 and traded around this level for LIFFE LONG GILT FUTURES OPTIONS

much of the morning. Trading was very steady until Chicago opened after which values drifted to 93.81 before closing at 93.62, unchanged from Tuesday. News of a 0.3 per cent fall in US business inventories appeared to have little overall effect.

effect.

The US bood prices showed little overall changs on the day but were up from Tuesday. The September price opened at 100-26 and eased to 100-77. Chicago trading pushed it to a low of 100-09 in relatively light volume but there were too many buyers at this level and values were pushed up to a closing level of 100-25.

LIFFE US TREASURY BOND PUTURES OPTIONS Sept Dec Mer June
0.00 0.23 — —
0.01 0.38 — —
0.03 0.59 — —
0.02 2.01 — —
0.50 2.50 — —
1.32 3.47 — —
2.36 4.54 — —

Price Calls—Last price 1.36 — 19.80 —

IMM-STERLING Se per E

Noon ......

3.00 pm .....

1.00 pm ..... 74.1

2.00 pm ..... 74.1

Latest High 1.5030 1.5040 1.4910 1.4916 1.4770 1.4790

LIFFE-STEELING #25,000 \$ per E

STERLING INDEX

July 16 Previous

73.1

73.3

73.3

73.5

73.5

73.6

73.5

73.5

**CURRENCY MOVEMENTS** CHICAGO US TREASURY BONDS (CBT) Prev 101-01 100-09 99-17 98-25 98-03 97-16 96-28 96-11 Latest High LC
Sept 100-28 100-51 100Dec 100-07 100-07 100-07
March 89-10 39-14 38June 38-13 98-21 58Sept 97-30 58-00 57Dec 97-11 57-11 57Merch 96-24 96-24 96June Sopt — Sopt — Merch — Merch US TREASURY BILLS (IMM)
Sim points of 100's US TREASURY BONDS 8% \$100,000 32nds of 100% 8% \$100,000 32nds of 100%

Close High Low Prev
Sept 100-25 100-03 100-03 100-07
Dec 100-03 - 98-17
Estimated volume 5,217 (6,175)
Previous day's open int. 7,733 (7,655)

English to the control of the c FT-SE 100 INDEX 625 per full index point Close High Low Bept 162.30 182.50 181.20 16 Dec 166.20 166.00 165.00 16 March 167.80 — 16 Estimated volume 358 (480) Previous day's open int. 2,304 (--)

Sept 94.53 94.56
Dac 84.89 94.61
Merch 94.45 94.45
June 94.45 94.45
Lune CERT, DEPOSIT (IMM)
Sim polate of 100%
Latest High
Sept Dec 94.65 3 NOMES OFFI 0.7897771 0.855030 1.18914 0.890406 1.56111 4 N/A 14,9449 6 52,7078 43,9642 7 6,56447 7.97275 612 2.56974 2.13016 0.40124 0.6122 1.56,122 156,979 1.780,1811 1465,88 1.780,122 156,979 8 N/A 1.780,681 1.83,150 235,795 8 6.38979 6.96304 4 2.07251 1.79459 9019 MA ...127,151 0.712628 LONDON

OTHER CURRENCIES 20-YEAR 12% NOTIONAL GILT 250,000 32nd4 of 100% Arg'tina... 1.3590-1.36150,9000-0.9010
Aus'ade.... 2.3600-2.36261.5635-1.5636
Brazil..... 20.79-20.08 13.77-13.64
Finland... 7.6575-7.67065,0630-5,0650
Greece .... 206.15.209.76166.68:169.12
Fixong.... 11.788-11.3187,8182-7.8145
Fixong.... 11.788-11.3187,8182-7.8145
Fixong.... 15.00 

EMS EUROPEAN CURRENCY UNIT RATES tate central from amounts against Eou July 16 43,9542 7,97276 2,13016 6,87636 2,40134 0,712522 1463,82 +0.64 +0.68 -0.38 --1.24 --0.34 --0.06 --2.16 士1.5388 土1.6408 士1.1202 士1.3707 士1.5081 士1.6689 士4.0788

### **MONEY MARKETS**

# . UK rates steadier in quiet trading

Interest ratest showed little overall change in the London money market yesterday. Sterling was slightly firmer overall but the market appeared to lack any overall incentive.

Three-month interbank money was quoted at 9½-10-by per cent, unchanged from Tuesday. Overnight money opened at 9½-10 per cent before slipping back to 9½-10 per cent before slipping back to 9½-10 per cent. During the afternoon it fills in band 2 at 9½ per cent, £3m in band 3 at 9½ per cent, £3m in band 4 at 9½ per cent and £39m in band 4 at 9½ per cent and £39m in band 4 at 9½ per cent.

The Bank of England forecast

before finishing at 10 per cent.

The Bank of England forecast a shortage of around £800m with factors affecting the market including maturing assistance and o take up of Treasury hills together draining £538m and Exchequer transactions a further £60m. There was also a rise in the note circulation of £120m and banks brought forward balances £90m below target.

To belp affeviate the shortage the Bank offered an early round of assistance which totalled £247m and comprised outright purchases of £129m of eligible bank bills in band 2 at 912 per cent. £63m in band 3 at 91 per 30 year 7.15

MONEY RATES

Ovr-nig't Month Months Months Months Months Months Frankfurt .... Pahs ...... Zurich.....

UK clearing bank base lending rate, 10 per cent since May 22 cent and £24m in band 4 at 911 per cent. Late help came to £90m, making a total of £875m.

Six months US dollars bid 6 ik reference benks at 11 am each working day. The backs are National Westmin-ster Sank, Sank of Tokyo. Deutsche Back, Banque Nationals de Paris and Morgan Guaranty Trust. The fixing runs are the arithmetic means, rounded to the secret constituents, of the bid and offered ratio for 370m quoted by the market to fee

LONDON MONEY RATES

Month Months 95<sub>4</sub>-11 95<sub>4</sub>-10 024-10 934-30

Treasury Bills (sell): one-month 9th per ceet three months 9th per ceet. Back Bills (sell): one-month 9th per cent, three months 9th per cent. Treasury Bills: Average tender rate at discount 9.3907 per cent. ECGO Fixed Fiseacca Scheme IV reference data Jene 4 to Jaly 1 (inclusive) 8.824 per cent. Local Authority sed Finonce Houses seven days' obtes, others seven days' fised. Finance Houses Base Rate 10 per cent from Jely 1 1308. Bank Ospociat Rates for sums at seven days' notice 4.25-4.375 per cent. Certificates of Tex Deposit (Series 0): Deposit 2100,000 and over held ander one month 10 per cent one-three months 10 per cent; three-six months 10 per cent; six-nife months 10 per cent; nice-12 months 10 per cent. Under £100,000 10 per cent from Jely 18. Deposits keld under Series 5 10 per cent. Deposits withdown of reach 8th per cent.

CLASSIFIED ADVERTISEMENT RATES

Commercial & Industrial Property Residential Property

9,00 12,00 Raddential Property Appointments Business, Investment Opportunities Business ter Selo/ Wanted Personel Motor Cara Holidays & Travel Contracts & Tanderz Book Peblishers 11.50 39,00 11.50 39.00 9.00 30.00 3.00 30.00 6.00 30.00 11.50 39.00 — nat 22.00

Financial Times

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CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 29 NOVEMBER 1985 (DATE OF INCORPORATION) TO 30 JUNE 1986

CONSOLIDATED BALANCE SHEET (unaudited) CONSOLIDATED INCOME STATEMENT Period 30.6.86 30.6.86 R000 R000 Capital employed 2 474 Income from investments Issued share capital Share Premium 8 968 Interest received Distributable reserve 9 084 Employment of capital Unlisted investment 605 231 Cost of administration 8 405 Net current assets <u>679</u> 2 973 Net normal income Current assets 2 294 29 Net profit on sale of investm 9 084 Listed investments - market value 55 297 Profit for the period Unlisted investment - directors' valuation 5 212 2 268 Retained profit at 30 June 1986 71 Appreciation 52 104 Number of ordinary chares in issue at end of period (000's) Earnings per share Not asset value (including unlisted investment 1 348c Dividend per share at directors' valuation) per share

NOTES:

1. The net asset value has been calculated after deducting the final dividend.

2. Pursuant to the restructuring of Free State Development and Investment Corporation Limited (Freddies) the company acquired Freddies entire share portfolio at 31 December 1985 which acquisition was funded by a rights offer of 907 500 shares at B10.00 each.

3. No provision has been made for texation as both the group and the company have estimated tax losses.

For and on behalf of the board V. G. BRAY Directors

DIVIDEND NO.1

A dividend of 50 cents per share has been declared for the period ended 30 June 1986. 8 August 1986 9 August 1986 Last date for registration Registers close (dates inclusive) from 25 August 1986

Currency conversion date (for payments from London)

5 September 1986 The dividend is payable subject to the customary conditions which may be inspected at or obtained from the company's Johannesburg office or from the office of the London Secretaries (Barnato Brothers Limited, 99 Bishopsgats, London EC2M 3XE).

Head Office and Registered Office: Consolidated Building, Corner Fox and Harrison Streets, JOHANNESBURG 2001

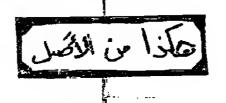
By order of the board JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED, per; D. A. FREEMANTLE

PO Box 590, JOHANNESBURG 2000

16 July 1986

30

Financial Times Thursday July 17 1986



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6138 107 | 36 01000 | 122 01000 | 122 0100 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 100 0200 | 634 30 Anglo-Dominio 4.2 229 Anglo-Dominio 4 NOTES calculated w "vil" ejertbucku. Covers are based on "Galament" filse-flucture, its compares grows devicted casts to profit after transfor, excluding exceptional architectures but actualing estimated extent of offsetiable ACT, yields are based on middle prices, are gross, adjusted to ACT of 27 per cast and allow for value of declared distribution and rights.

"Tap Stoct"

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In price of the price based on prospectus or other offer estimate. c Cents. In Ordered rate paid or payable on part of capital, ouwer based on dividend and yield. In Assumed dividend and yield after sort place. In the succession of the subsect on susamption of the conversion of the subsect on susamption of the susamption | Property | Test Name | Test | Te Easterit

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174 775 What are to 25c ...

175 176 What are to 25c ...

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175 1 51145 43 160 53 73 73 131 100 200 3 "Recent Issues" and "Rights" Page 41 (International Edition Page 25)
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per

31

EUROPEAN OPTIONS EXCHANGE

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F1.90.50

F1.243 90 F179.30

FI.55.70

ET117.80

F7.45.50

F1.,64

PLBK.40

FiSL

U.282.70

FI.72

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AUG.

### Account Dealing Dates

Option
\*First Declara- Last Account
Dealings tions Dealings Day June 30 July 10 July 11 July 21 July 14 July 24 July 25 Aug 4 July 28 Aug 7 Aug 8 Aug 18 "New-time" deatings may take place from 8.30 om two business days

The undertone in Londoo financial markets remained distinctly cautious and leading shares did little more than mark time yesterday. Sterling benefited from fresh weakness in the dollar and this belied to impart a more confident trading session in Government securities, but failed to inspire equities.

Overshadowed by the two-day slide nn Wall Street, blue chip industrials were inclined easier at the outset. However, in the absence of sellers, prices hegan to edge higher after the first hour or so of busicers. Thereafter, the trend was un-decided awaiting a lead from the US.

A good recovery on Wall Street in the early dealings gave a boost to sentiment in domestic equities and the Financial Times Ordinary share index closed with a gato of 3.7 at 1306.3 after having recorded a fall of 0.6 at the 10 am calculation. The more broadly based FT-SE 100 share index, which posted 0 fall og 4.4 at the opening, eoded 4.3 up on the day at 1597.3.

Unsettled initially by the board dispute, Guinness eased to 325p before recovering to close unaltered on halance at and the continuing lack of investment confidence was reflected in lack-lustre trading session. However, speculative activity was again evident, while company trading statements resulted in the occasional feature.

the occasional feature.

Encouraged by a further improvements in the pound yesterday and the overnight rise in US bonds, Government securities continued the previous day's rally, Buying interest centred mainly on the long end of the market where gaing ranged up to a point. The shorter maturities, however, passed s relatively quiet trading session, but still recorded ing session, but still recorded improvements of 1 and occosionally more.

Chinese bonds reacted sharply to the bosence of any debt settlement news, the 5 per cent Boxer closing 13 lower at 27.

### Lloyds Brokers firm

Lioyds Brokers continued to lead the way in Insurance with Stewart Wrightson rising 15 more to 463p on continuing talk of a possible £7 per share Md from Citicorp of the US, Hogg Robinson advonced 6 more to 316p and Minet firmed 4 at 252p. Beeck Bryant 4 at 252p. Derek Bryant jumped a further 35 to 340p in a restricted market

EQUITY GROUPS

& SUB-SECTIONS

Electronics (38)

Mechanical Engineering (61)

Metals and Metal Forming (7)

Food Manufacturing (22) ...

Publishing & Printing (14) ...
Packaging and Paper (14) ...
Stores (39)
Textiles (17) .....

OTHER GROUPS (86) ... Chemicals (20).....

INDUSTRIAL GROUP(483).

FINANCIAL GROUP (117)...
Banks (7)...
Insurance (Life) (9).....

Insurance (Composite) (7) .... Insurance (Brokers) (9) .... Merchant Banks | 12) .... Property (50) .... Other Financial (23)

Investment Trusts (101) . Mining Finance (2) .... Overseas Traders (14) ...

2 5-15 years . 3 Over 15 years...

5 All stocks ....

6 Syears

FT-SE 100 SHARE (NDEX 4 ....

FIXED INTEREST

+9.17

108.59 40.78 107.44

26431 +0.55 163.46

136.99 +0.47 136.59

115.42 -0.18 115.54

85.26 -9.71 86.77 -

121.97

148.5%

112.93

114.95

9 Debestures & Lazza 120.04 +0.18 119.83

July 15

122 78

112.97

-0.09 115.05

+0.56 140.28

Food Manufacturing (22) 679.07 -8.1
Food Retailing (15) 1821.43 +8.1
Health and Household Products (10) 1821.43 +8.1
Leisure (28) 892.25 +0.1
Publishing & Printing (14) 2557.51 -0.1
Packaging and Paper (14) 472.35 -48.2
Stores (39) 963.25 +8.2
Textilles (17) 548.63 +0.5
Totaccos (2) 1112.62 +6.2

# Firmer trend in sterling boosts Gilts—equities steadier

21,520

220.3

24,097

247.3

late support and closed 8 to the good at 550p; dealings 8 to the good at 550p; dealings in the shares commence on the Troded Option market next week. Elsewhere, Standard Clariered railied 7 to 782p following the announcement that Sir Yue-Kong Pao had increased his stake in the company to just under 15 per cent. Among Hire Purchases, Equity and General advanced 4; to 28n amid rumours of a large 28p smid rumours of a large shareholding in the group changing hands.

M6 Cash and Carry's debut on the Unlisted Securitles Maron the Unlisted Securitles Market proved slightly hetter
than expected; originally
offered for sale at 100p and, with
71 per cent of the shares left
with the sub-underwriters, the
share price opened at 88p and
ended the session at 90p. Among
other recent issues. Shield
Gronp soared 37 to 155p following news that the 50 per cent
owned Carlton Heath subsidiary
is expected to shortly start work is expected to shortly start work oo a residential development in Hampstead involving a total out-lay of £2.89m; the development should have a resale value of around £15m.

Cider makers H. P. Bulmer eased 5 to 153p, after 154p, after announcing preliminary profits at the lower end of market expectations.

Movements among leading Euildings were generally modest. Bine Circle edged up 3 to 615p and RMC hardened 4 to 664p, but Tarmac softened 4 to 664p, but Tarmac softened 4 to 470p. Elsewhere, Magnet and Southerns featured with a gain of 10 at 184p in reply to the satisfactory annual results and the cheerful statement on current trading. Higgs and Hill ottracted buyers following the recommended nifer for Southend Estates worth some £29m and closed 15 higher at 595p, while Raine Industries traded firmly awaiting the outcome of merger discussions and rose 4 to 82p, Demand In a restricted market lifted Vibroplant 7 to 312p, but Henderson slipped 5 to 235p on lack of interest. Movements among leading

Ick of interest.

Ick were a steady market and finished a shade dearer at \$5\frac{1}{2}p\$ reflecting the early rally on Wall Street. Coalite continued to attract buyers on takeover hopes and gained 8 more to 305p, while Wardle Storeys revived with an improvement of 8 of 335p. British Benzel odded 3 to 76p and Sntcliffe Speakman picked up a like amount at 61p. Recently-firm Coates Erothers A shed 3 to 15\frac{1}{2}p\$ on newa that Adelaide Steamship is interested in a 20.6 per cent stake but regards the holding as a long term investment.

Investor, in the major clearing hanks were deterred by news of the second largest commercial bank failure in US history and for most fo the session, prices remained at their overnight levels. However, Midland came in for some Harris Queensway up

Harris Queensway up

Harris Queensway up

Harris Queensway advanced for proposed 100 per cent scripissue.

S. & W. Bertsford firmed 5 to 255p on news that Tate and Lyle 3 cheaper at 580p, bad been given permission to increase its

These ladices are the joint compilation of the Financial Times. the Institute of Actuaries and the Faculty of Actuaries

Day's Carage

611.04 -0.1 658.15 +0.4 874.11 -0.5 451.06 +0.2 1192.39 +0.1 344.92 -0.6 792.91 -0.5 341.61 -0.3 755.32 -0.2 256.79 +1.4 672.06 +0.2

791.95 +0.1

जां वर्ते. सर्वेश

8.21

0.25

20 adj. 1986 to date

7.57

1.27

7.37

1.15

1.77

5.82

8.76

14.04 11.37

Wednesday July 16 1986

Grass Day, Yield % (ACT at 29%)

Est. P/E Ratio (Net)

| No. | Change | Chan | CACT at | Chee | No. | Sec. | No. |

11 a.m. 1305.6 9 Opening 1298.9 10 z.m. 1302.0 LONDON REPORT AND LATEST SHARE INDEX: TEL 01-246 8026 profits slightly in excess of the forecast made at the time of the unsuccessful bid for Woolworth. Other high street Retailers cootinued to trade in subdued fashion and generally closed a shade firmer for choice. closed a shade firmer for choice. Ratners, which announced excellent dull-year figures on Monday, railied a few pence to 175p, while asset injection hopes again buoyed Lanca, finsily 7 up for a three-day gain of 18 to 61p. Tern, however, remained nervous awaiting today's annual results and dipped 3 more to 49p.

Equity Bargales ...

Shares Traded (ml). ..

Hopes that the anthorities would soon give the green light for GEC to bid for the group left Plessey 4 higher at 218p, after 220p; GEC hardened a couple of pence at 198p. Elsewhere in Electricals, vague talk of a possible hid from Pilkington left United Scientific 10 hetter at 155p, while Audiotronic hardened a fraction to 144p on the announcement that Coast Development and Investment, Kuwait, and Coast Securities hold a 6.53 per cent stake in the company, Enrotherm, on the other hand, lost 15 more to 265p, after 250p, following the disappointing interim figures. Hopes that the authorities

Features were few and far between in the Engineering sector.
Molins reflected revived demand in a thin market and closed 11 higher at 183p, while Howden gained 7 at 104p following comment on the results. Richardson Westgarth firmed 3 to 41p on the news that Baremo had increased its stake in the company reased its stake in the company to just under 15 per cent. Bras-way eased o penny to 93p, after 90p, despite the good results and proposed 100 per cent scrip-

tion 14

Total July 15

域

9.24 9.27 9.56 9.59 9.59 9.76 9.73 9.57 9.20

10.05

18.38

10.12 10.12 10.93 10.47 10.55 11.00 10.61 10.16 9.99

11.62

11.47 11.31

8.15 9.16 9.49 9.50 9.50 9.50 9.50 9.15

3.54 3.53 2.52 3.36

10.04

10.35 10.41

- 3.92 - 12.45 790.83 794.28 805.36 600.90

| Index | Day's | Day's | Day's | Juty | Might | Low | 15 | 14 | 11 | 10 | 9 | ago | 1597.3 | 44.3 | 1597.5 | 1588.5 | 1593.0 | 1597.3 | 1626.4 | 1626.7 | 1614.6 | 1247.3

AVERAGE GROSS REDEMPTHON YIELDS

Index-Linked
11 Inflat'n rate 5% 5 yrs...
12 Inflat'n rate 10% 5 yrs...
13 Inflat'n rate 10% 5 yrs...
14 Inflat'n rate 10% 0ver 5 yrs...

5 years....

品

Year ago

### FIRANCIAL TIMES STOCK INDICES Since Compilation High Low Hilgh Low 80.39 [20/1] 89.00 52.92 89.91 90.41 23.56 94.51 :27.4 B9.48 (9/1/35) 86.55 (23/2) 1094.3 (14/1) 188.5 (16/7) 50.53 (3/1/75) 49.4 (26/4/46) 43.5 [126/10/71) 150.4 (26/11/47) 1425.9 (3/4/96) 96.27 96.01 1337.3 1309.9 1340.6 933.6 1302.6 1306.3 1425.9 **734.7** (15/2/83) 188.5 190.5 1964 410.8 Gold Milnes 4.14 4.99 4.23 4.24 4.22 July 15 Jely 14 Earnings Yid.%((uii) .... 13.22 10.16 9.93 9.90 12.45 1019 11.90 11.97 12.27 12.30 9.82 172.2 140.1 1,084.4 164.6 156.1 1,275.0 P/E Ratio (net) (\*) .... 11.93 25,183 27,706 28,527 19,600 Total Barcains (Est)\_ 25,171 630.81 784.95 798.15 468.77 536.50 Equity Ternover Crt. \_

Noon 1302.4 3 p.m. 1303.1 2 p.m. 1301.6 1 p.m. 1302.2 Day's High 1306.8. Day's Low 1298.8. Basis 100 Gov.L. Secs 15/10/26, Fixed Inc. 1928, Ordinary 1/7/35, Gold Milnes 12/9/55, SE Activity 1974 \*NR=11.53.

26 A03

313.5

15,732

209.6

27,983

333.4

stake in the company from the current 10; per cent to 23.7 per cent pending the outcome of the Monopolies investigation. Ranks Hovis McDongall, in which Berisford is a major shareholder, improved 4 to 213p. Elsewhere in the Food sector. per cent of the equity; Lloyds Merchant Bank acquired 7.18 per cert while brokers Panmure
Gordon placed the remainder
with various institutions. Mr R.
E. Tongue has resigned from the
hoard.

hoard.

Advertising agencies were irregular. Saatchi and Saatchi, persistently sold recently, rahied 15 to 705p, but Wight Collins Rotherford Secti dipped 10 to 458p and Boase Massimi Philitt closed fi cheaper at 262p. Elsewhere, Spafax Television hardened a few pence to 115p in front of today's half-timer.

Leading Properties gove shareholder, improved 4 to 213p, Elsewhere in the Food sector, Bejam attracted revived demand on takeover hopes and put on 4 in 182p, after 183p. Northern Foods, which made an agreed hid for Msyhew Foods on Tuesday, edged up a couple of peoce to 294p, but Unigale slipped 3 to 290p and United Biscuits lost a like amount at 235p. Park Foods, a firm market in receot days reflecting good results, cosed 5 to 157p on profit taking. Among Hotels, Mount Char-Among Hotels, Mount Char-lotte attracted huyers at 854p, up 1½, and Norscot firmed 5 to 125p as takeover hopes revived.

Glaxo up late Miscellaneous Industrial leaders were featured by a late flurry of interest in Glaxo which touched 975p hefore closing 22 higher on balance at 977p. Elsewhere, Renters, 3 easier at 480p, were unaffected by the late announcement that Mirror Group Newspapers had disposed of its entire shareholding (2m shares) in the group. Aberfoyle

of its entire shareholding (2m shares) in the group, Aberfoyle jumped 8 to 45p following the appearance of a large buyer and "shell" situation. The Times Veneer, closed 7 to the good at 60p, after 61p. Renewed demand on expansion hopes lifted Noble and Land 8 to 126p, while Nu Swift redected vague rumours of a bid from Hawley with a rise of 5 at 165p. Press speculation ahout a possible takeover for Brengreen in the wake of the uninspiring results left the shares 23 dearer at 40p. Speculative buying grompted gains of 8 and 7 respectively in Bine Arrew, 370p. and Sharne Ware, 45p. A good two-way business was transacted in Hyman which eventually ended the session a couple of pence off at 401p, while London International

dropped 10 to 190p on lack of

ened a few pence to 115p in front of today's half-timer.

Leading Properties gove another subdued performance. MEPC drifted off to close 7 chesper of 345p and Land Securities cheapened 3 to 334p. Secondary issues, however, displayed several hright features including Regalian which rose 50 to 535p on news of the agreement with Arlington Securities for the purchase of the apartment portion of the tatter's property development at Port Solent, Portsmouth. Phoenix Property touched 80p prior to closing 2 dearer at 78p following the appolotment of a new chief executive and news that major shareholder Mr Damian Aspinall has agreed to sell his 29.9 per cent stake in the company at approximately 74p per share to two current directors. United Real firmed 15 to 850p awaiting news of the bid approach, while Mountview moved up 25 to 725p in a restricted market. Markheath continued to reflect the good results and added a penny more to 51p, but recently-firm York Mount encountered profitaking and shed 13 to 107p.

Among firmer Textiles, Dawson International, 265p, and Contands, 285p hardened 4, and 3 respectively. Revived speculative demand lifted Burmatex 8 to 185p and Illingworth Morris 7 to 121p. Victoria Carpet advanced 8 to 103p in response to the sharply increased annual profits.

Rothmans International gained 8 to a year's high of 167p follow-Rothmans International gained Trust rec

while London International dropped 10 to 1909 on lack of support.

International Leisure were a firm market and rose 4 to 1309 ins the quarterly figures from its Carlong O'Keete subsidiary. Financials were irregular. Barrie Investment and Fluance comment on the preliminary figures.

In Motor Components Leokers rose 3 to a 1986 peak of 162p as certain shareholders, including members of the Tongue and Radford families sold just over 20 the offer as "wholly inadequate."

### **NEW HIGHS AND LOWS FOR 1986**

NEW HIGHS (39)

AMERICANS (1) Pacific gas & Elec.
SANKS (1) Equity & Gen. BUHLDINOS
(2) Obuglas (R. M.), Vibroplant.
CHEMICALS (1) Coelito. STORES (1)
Ellis & Goldruin. Tip Top. Wickes.
ELECTRICALS (2) ASEA AB A. Bennett
& Fountein. ENGINEERING (4) Srons.
Eng. Cook (Wm) (Sheffield), SKF AB,
Tiples. HOTELS: (1) Norscot.
INDUSTRIALS (7) Assoc Srit Eng Spc
Cum Cv Red Pf, Burndens Invs. Herris
(P.), Rexmore. The Times Veneer,
Thermex, Westwood Oswes A.
INSURANCE (2) Sridstock. Srysit
(1). MID SROTT()VF ETAOIN......
(0,), MOTORS (1) Lockers. NEWSPAPPERS (1) Home Countes News.
PROPERTY (5) Hemore Inv. Mountleigh. Priest Meriens, Regalian Prop.
Utd Real Prop. TEXTILES (1) Boeles Utd Real Prop. TEXTILES (1) Booles (J.). TOPACCOS (1) Rothmens "B." TRUSTS (6) Greekem House, Lowland

NEW LOWS (54)

AMERICANS (12) Alcos, Amex, CSX,
CONT Illinois Corp, Cullinsi Softweer,
Eaton Corp, Honeyweil, 18M, IngsrsoliRend, Lone Ster Inds, Resnord, USX,
CANADIANS (4) Cen Pecific, Granges
Expin, Guit Cen, Inco Eng. BANRS (1)
Mercury Inti. CHEMICALS (1] Snis
SPO. ENGINEERING (1) Tax Hidgs.
POODS (1) Gless Olover,
INDUSTRIALS (1) Snemmer, INSURANCE (1) Traveiers. NEWSPAPERS (1)
Euromonsy Pubs. PAPER (2) Osprey
Comms, Velin Pollen Inti. TRUSTS (5)
Attentic Asses, PAPER (2) Osprey
Comms, Velin Pollen Inti. TRUSTS (5)
Attentic Asses, Janespendent Inv.
Viking Res, Abingworth, Cembium
Vanture. OTLS (4) Chevron, Guifstreem Res, Sentos, Triton Europe,
OVERSEAS TRADERS (1) GN Greet
Nordic, MINES (18)

# Equatorial Tet Corp. pic.... Exeter Treet I 44 ABN Bank 19 Allied Arah Bank Ltd 19

BASE LENDING RATES

	THE CAME AND ADDRESS AND THE PARTY OF THE PA	70	ENTERED TO THE PROPERTY OF THE PARTY OF THE
	Allied Dunbar & Co		Financial & Gen. Sec. 10
	Allied Irish Bank	10	First Nat. Fin. Corp. 11
	American Express Bk	29	First Nat. Sec. Ltd 11
	Amro Bank	18	Robert Fleming & Co 18
	Henry Ansbacker	16	Robert Fraser & Ptrs 11
	Associates Cap Corp	10	Grindleys Bank #16
	Banco de Bilbao		• Guinness Mahon 16
	Bank Bspoalim	18	Hambros Bank
	Bank Deposition (UK)	10	Beritable & Gen. Trust 19
	Bank Credit & Comm	10	e Hill Sampel 516
	Bank of Cypres	10	C. Houre & Co
	Bank of Ireland		Bongkong & Shanghai 19
	Bank of India		Knowsley & Co. Ltd 10%
	Bank of Scotland	10	Lloyds Bank 10
	Banque Belge Ltd	10	Mass Westpac Ltd 10
	Barclays Bank	10	Meghraj & Sons Ltd 18
	Benchmark Trust Ltd	16	Midland Bank 16
	Beneficial Trust Ltd		Morgan Grenfell 19
	Brit. Bk of Mid. East		Mount Credit Corp. Ltd 18
,	Brown Shipley	18	National Bk of Kowait 19
	CL Bank Nederland	19	National Girobank 10
	Canada Permanent	10	National Westminster 19
	Cayser Ltd	10	Northern Bank Ltd
	Cedar Holdings	11	Norwich Gen Trust
•	Charterhouse Bank	19	PK Finans. Inti (UK) 1844
	Citibank NA	10	Provincial Trust Ltd 11
	Citibank Savings	110%	R. Raphael & Sops 10
	City Merchants Bank	10	Roxburghe Guarantee 11
	Clydesdale Bank	10	Royal Bank of Scotland 10
	Comm. Bk. N. East	10	Royal Trust Co. Canada 19
	Consolidated Credits		Standard Chartered 19
	Continental Trust Ltd		Trustee Savings Bank 19
			United Bank of Kuwait 19
	Co-operative Bank		United Mizzahl Bank 19
	The Cyprus Popular Bk		Westpac Banking Corp 10
	Duncan Lawrie	10	Whitesway Laidlaw 1844

R. T. Trust 11 Yorkshire Bank... 10 Members of the Accepting Houses Committee. \* 7-day deposits 5-57%. 1-month 6.03%. Top Tier—£25,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6½% gross. 

¶ Mortgage base rate. § Demand deposit 5.82%. Mortgage 11%. "Take-profits" advice clipped s few pence from Authority Investments at 490p — 10 below the partial tender offer from Berkley House. In contrast, James Ferguson firmed 10 to 115p following acquisition news; while asset injection hopes lifted NMC investments a few pence

### Lasmo gain ground

The leading oils, under pressure over the past few months reflecting the slump in crude oil prices, staged a good advance. The movement was spearheaded by LASMO and BP following news that the jointly-owned Hudhay Oil had participsted in an important oil discovery on Psdang Island, Indonesia, Interest in the sector was additionally triggered hy more encouraging trend in oil prices — Brent crude for August delivery ended the day around 10 cents higher the day around 10 cents higher on halance, having initially dipped some 25 cents. LASMO were the outstanding performer and settled 11 to the good at 101p, while BP anded 6 at 571p. Brttoll, 143p, Tricentrol, 45p and Ultramar, 166p, showed improvements in the region of 3. Elsewhere, a report that Pnwell Duffryn has huilt up a stake of around 4.7 per cent in Carless Capel saw the latter move up 5 to 60n. Other firm spots in secondary oils included Sovereign Oil, 3 harder at 25p and Berkeley Exploration, a couple of pence better at 40p.

A further slide in the Financial Raod to around 19.5 cents

clal Raod to around 19.5 cents and continuing concert over the possibility of a comprehensive package of economic sanctions against South Africa in the text few weeks prompted renewed weakness in the South African mining sector. Business throughout South Africans was generally confined to small flurries of selling pressure and a marked lack of huying interest. In addition, sterling quotstions were lowered following the rally in the bound agoinst the dollar. The the bound agoinst the dollar. The Gold Mines index, registering its fourth consecutive decline, fell 1.8 more to 188.5 — its lowest level since June 23 1982.

The heavyweights showed falls of around a point common to

The heavyweights showed falls of around a point common to Vaal Reefs, 531, and Randfontein, 538, while Western Deep lost; to a 1986 low of £15; and Buffels; to £10;.

In a depressed South African Financials group De Bears were ruff at 416p, "Amgold" eased a shade to a year's low of £34; ond "Johnnies" fell a point to £50.

ond "Johnnies" fell a point to
£50.

Rie Tinte-Zinc rallied well and
picked up 9 to 57?n after Tuesday's aharp sell-off which
accompanied talk of a leading
hrokers profits downgrading.
Consolidated Gold Fleids edged
up 4 to 433p.

Australian mines made good
progress in overnight domestic

progress in overnight domestic markets and were marked higher of the outset of trading in Lonot the outset of trading in London. However, the improvement in steriing against the Australism dollar had a restraining effect on prices which were no better than mixed at the close of trading. Amdne the leaders Peko-Wallsend feft 6 to 2170. CRA dipped 3 to 241p and MIM Holding 4 to 3 1385 low of 77p.

### Traded Options

Subdued conditions prevailed in Traded Options, reflecting lack of enthusiasm for the underlying securities, Hanson. Trust recorded 935 calls and 420 puts, but dealers reported minimal interest elsewhere. Total contracts transacted amounted to 11,857. Traded Options will be introduced in Midland Bank next Thursday on the August. November, February and May cycle.

# 13 R.500 R.500 R.100 10.53 6.53 6.63 3.408 4.50 2.50 2.50 2.50 1.50 MAHARITH PARTY IN THE PROPERTY IN THE PROPERTY

### TRADITIONAL OPTIONS

C=C±I

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B= 816

Deal- Deal- Declara-Settle-ings ings tion ment July 7 July 18 Oct 9 Oct 20 July 21 Aug 1 Oct 23 Nov 3 Aug 4 Aug 15 Nny 6 Nov 17 For rate indications see end of Unit Trust Service Money was given for the call of Hyman, Hawtin, Thomas Marshall (Loxley), Moorgate

TOTAL YOUNE IN CONTRACTS: 51,491

Mercantite, Prestwich, Wheway, Burgess Products, Adaco lavesiments, Nollon, Associated British Engineering, C. H. Battey, Peofiand, Polly Peck, Raine Industries, Manser, Trust, Amstrad, Britoti, Arastrong, Equipment, S & U Stores, and Rockware. A put was done in G. Ruddle, while double options were transacted in Amstrad, Next and Camford Engineering.

### YESTERDAY'S ACTIVE STOCKS

VDOAS SARISOS DE	INITY W	ms noted	in the following stocks	Aca:s.q	۶y.
	Closing	0 ay's		Clasing	0:,':
Stock	DIICO	Chargo	Stock	£7.70	Chang
Sulmer (H. P.]	158	- 5	Laumo	101	411
Eurotherm Intl	265	-15	Phoenic Props	78	~ 2
Glexo	972	+22	Reine India	82	* *
Herne Queensway	252	+ 16	RTZ	571	4 3
IMI	174	+ 1	Thermas		+ 3
Jeguer	638	_	Uld. Scientific		-10

### TUESDAY'S ACTIVE STOCKS Beaud on bargains recorded in SE Official List

British Funds Corpus, Dom. and Foreign Bonds	95	10	9 47	Oiks Plantations Manes Others	23 25 35	15 C5 136	79 15 55 81
Industrials Financial and Props.	224 B0	318 138	960 359	Totals	433	<b>G31</b>	1,645

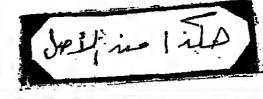
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	CALLS PUTS											CAL				PUTS	
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Allied Lyons (*326)	300 330 360	30	42 22 10	52 35 10	35	18 40	8 25 6	P. 4	ນ	900 900 950 600	13	52 12 5	4	9	22 02 112	28.82	33 57
B.P. (*571)	500 550 600	RNI	77 45 17	92 55	12.00	17 47	25 52	Rac (*3)	22	180 200	26	25 14	3		8 20	22	12 24
Coss. Gold 1×(32)	420 460 500	18 5	44 27 10	57 35 35	30	25 54 77	20 60 84	R.1	75	550 600 t50 700	95 32 33	57 35 19	8432	7 1	10 37 85 135	18 47 87	25.50
Courtmids (*2887	260 280 300	20	97 27 15	40 34 25	1 3 14 44	4 9 21	25 27	Vani 1°5		50	31	2 6	4	422	51 <sub>2</sub> 141 <sub>2</sub> 241 <sub>2</sub>	157	152
	330	0,5	7	14		47	47	Tr. 134	4 1991		11	_		311		24,	20
Com. Union (V313)	280 300 330	34 14	49 27 14	35 24	1 2 17	11 25	13	(*2)	080	108 110 112	0,	1 0		211 1 5 0 h	24	114 274 446	27.4 37.1 4.2
Cable & Wire (*688)	600 650 700 730	10 40 7 1	120 77 35 20	140 90 60 38	20 70	M 22 45 70	13 25 26	1.115	160	199777	3N1080	- Select vol	(& i =	40m	STATISTY.	24 54 54 54 54 54 54 54 54 54 54 54 54 54	34.6
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(*196) Grand Mat.	200 220	1	15	% %	26	34 30	17 32	i		360 390 420 460	12	75 55 55 22	5	á	18 50	22 22	20 32 57
(-980)	360 390 420	7	28	39 25	7 2	21	32	Ber  *23		220 240 250		20 12	I.	7	12 25	15 31	22 33
I.C.1. 1•964)	850 900 950	137 87 37	147 105 72	175 134 100	2032	4 10 25	9 18 97	(*23)	O)	307 330 333	18	30 16	2		23   25	30	30
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(*334)	390 390	7	BRS	56 XX	37	18 29	5 13 31	Sine (		600 650 700	20 25 25 23	40. 25 55. 33			13	SE 25	95 30 57
Marks & Span. (*199)	100 200 220	9 c 62	747	35 23 14	3 22	11 24	7 15 26	De 8	ners	600	75	150	12	5	90 18 45	37 İ	48 70
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*172)	160 180 200	19 5 2	23 11 4	29 16 9	5 18 29	9 14 31	11 15 12	Optio				Sept.	0a.	July	Aug.	Sept	Gez.
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LONDON TRACER ARTIGNE

#Opening Index 1588.6; 10 am 1592.6; 11 am 1593.6; Noon 1593.3; 1 pm 1591.5; 2 pm 1591.2; 3 pm 1593.5; 3.30 pm 1595.6; 4 pm 1595.6

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constitue is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by past 28p.

# WORLD STOCK MARKETS



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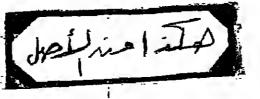
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# RID

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# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, July 16 Chapter Chapte | Bayth | Bayt 18% 7 15% 111% 43% 27% 87% 431% 632% 177% 431% 297% 101% 331% G GAF # 10
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GAF # 10
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# FINANCIAL TIMES **WORLD STOCK MARKETS**

**WALL STREET** 

# Credible rally initiated

A CREDIBLE RALLY was initiated by hargain hunters on Wall Street yesterday as the corporate reporting season produced another hatch of mixed results, writes Paul Hannon in New

Some of the initial enthusiasm was blunted by Federal Reserve data on the operating rate of US industry, which slipped to 78.3 per cent of capacity in June compared with 78.9 per cent in May and 79.4 per cent in April. The Fed attributed part of the fall to strikes in the aluminium, timber and telecommunications industries.

The bond market consolidated some of the early gains triggered by the industrial figures.

By 2pm, the Dow Jones industrial average was 13.78 up at 1,782.48. Market Beliwether IBM enjoyed only brief stability before dropping a further

\$1 to \$134% in active volume. The corporate reporting season of-fered much to digest in the banks and high-technology sectors, while consumer stocks, particularly stores, drew steady

Bank America's second-quarter loss of \$640m was the latest feature in a mixed

**SWITZERLAND** 

Swiss Bank Ind

Silver (spot fixing)

Coffee (September)

Copper (cash)

Oil (Brent blend)

London

Zünch

Paris (fixing)

Luxembourg

New York (Aug

Indicates latest pre-ci

527.60

319.9

COMMODITIES

GOLD (per ounce)

\$40.80 451.7

321.8

336.10p

£1,891 50 £1,909.00

2882.50

\$9.55

\$347.70

S349.66

\$348.70

\$348.90

Yearago

221 5

Prev 336.55p

£884.50

S9.55

Prev \$346.75

\$346 20

\$347.49

\$345.95

\$349.10

hatch of bank results. Heavy trading trimmed \$¼ off its share price to \$14%. A firmer second-quarter result for US ban-corp boosted it by 5% to \$37%, while Bankers Trust New York added 5% to \$45 on the strength of its higher figures.

Among computer issues, higher sec-ond-quarter results boosted Burroughs \$1% to \$67 and a strong earnings turnround for Apple, traded on the over-the-counter market, produced a \$% advance to \$35 in heavy turnover.

Honeywell regained \$% to \$69% on bargain hunting and further consider-ation of recent results, while Sperry held unchanged at \$75% after Tuesday's reports that the group was considering a mass production pact with Hitachi.

Motorola, the semiconductor and com munications group, was steady at \$34% in active trading while Hewlett-Packard, also active, added \$% to \$38%.

Chesebrough-Pond's, the diversified health products to apparel group, announced a surge in second-quarter profits and quickly added \$\% to \$49\%. A strong earnings report for Avon Products, the cosmetics manufacturer, had little impact, bowever, as it slipped \$\% to

Litton Industries' admission of fraud on government defence contracts resulted in a \$% decline to \$75% while Tuesday's reported plunge in second-quarter profits for Northrop had little impact as the aerospace and defence group firmed

A gain of \$% to \$38% was managed for Hospital Corp of America, despite a fall in second-quarter figures.

AMR Corp, the holding company for American Airlines, added \$\% to \$48\%

despite revealing poor second-quarter results. UAL, which expected to see a pick-up in demand this summer for its airline, hotel and car rental interests. added 5% to \$49%, while TWA slipped \$4 to \$14%. Pan Am also edged lower with its \$% dip to \$6%. People Express, the troubled discount carrier, picked up \$% to \$5% in heavy trading.

Trading was suspended for most of the morning in As::ociated Dry Goods and May Department Stores before their merger announcement. Associated resumed trading with a \$2% fall to \$59% while May was \$3 lower at \$71%.

Among other stores, Federated Department Stores picked up \$1 to \$80 while Wal-Mart, the regional discount chain, jumped \$2% to \$47 in heavy trad-

Chrysler was most active among the car makers and showed an early \$% gain to \$34%, while Ford added \$% to \$53%. PepsiCo rose \$% in beavy early trading to \$30%, while Coca-Cola jumped \$1% to \$41%, also in large volume.

Other features of the session included very active trading in New York State Gas & Electricity, which held unchanged at \$35%.

On the American Stock Exchange. Wang slipped 5% to \$12% in early active trading, while Wickes was unchanged at \$3. The bond market was mixed with the price of the key treasury long bond, the 7% due in 2018, down 1/2 at 1011%2 to vield 7.11 per cent.

The 10-year issue, 7% due in 1996, sbowed an early rise of 1/2 at 101 1/2 taking its yield of 7.10 per cent below that of the long bond. Fed funds opened at 81/4, at which level the Federal Reserve announced later in the morning overnight system repurchase agreements. The funds rate later dipped to 8%.

Rates on treasury bills were little changed with the three-month issue up one basis point to 5.78 per cent and the six-month issue steady at its overnight level of 5.81 per cent. The one-year Treasury hill was also unchanged at 5.83 per

### LONDON

CAUTION SET the tone again in London yesterday and leading shares did little more than mark time. The FT Ordinary share index closed with a gain of 3.7 at 1,306.3, while the more broadly-based FT-SE 100 share index ended 4.3 higher at 1,597.3. Improvement in Ster-ling against the Dollar helped investor confidence in gilts hut failed to inspire

Blue-chip industrials, overshadowed hy Wall Street's two-day slide, began easier but in the absence of huyers began to edge up later. A good recovery on Wall Street in the early dealings gave a boost to sentiment in domestic equities. Guinness, unsettled initially by the board dispute, eased to 325p before end-

ing at 330p. Gilts were also encouraged by the overnight rise in US bonds and continued the previous day's rally.

Chief price changes, Page 33; Details, Page 32; Share information service, Pages 30-31.

### **AUSTRALIA**

BARGAIN-HUNTING and the strength of BHP were largely responsible for prices in Sydney closing firmer. The All Ordinaries index ended 4.8 higher at

BHP ended 20 cents higher at A\$8.20 on turnover of 920,000 sbares, which in-cluded a special sale of 235,000 shares at A\$8.28 by a Sydney-based broker.

Brokers said the impact on industrials

of the fall in the Dow Jones and bearish signals from London were offset by a firmer dollar and a sbortage of scrip among blue chip leaders.

### **SOUTH AFRICA**

UNCERTAINTY among investors led gold shares to close mixed in Johannesburg despite the firmer gold price, as the financial rand declined to a new low against the dollar.

Vaal Reefs closed closed R2 higher at R243 on late demand, hut Driefontein held steady at R55.

Platinums were also mixed, with Impala up 25 cents at R40.25 and Rustenhurg 15 cents softer at R41.10.

Industrials closed firmer. Chemicals group AE&CI added 25 cents to R11.75 and SA Breweries rose 4 cents to R12.

### SINGAPORE

PROFIT-TAKING alternated with sporadic buying in quiet Singapore activity that saw the market close on a mixed note with the Straits Times industrial index 1.54 higher at 734.18.

Brokers reported that the absence of fresh factors was prompting some nervous investors to sell but most operators stayed on the sidelines amid continued uncertainties over the market'a midterm direction. The imminent Malaysian general elections also added to investor nervousness.

SIA lead the actives and gained 5 cents to 5\$7.30.

### CANADA

FINANCIAL FUTURES

101-08 101-12 100-13 101-01

94 93 94.55 94.50 94.54

93.62 93.65 93.61 93.62

120-23 120-31 120-07 119-25

US Treasury Bonds (CBT)

US Treasury Bills (1999) \$1m points of 100%

Certificates of Deposit (IMM)

8% 32nds of 100%

\$1m points of 100%

Three-month Eurode

£50,000 32nds of 100%

\$1m points of 100%

LONDON

Sepi

A MODEST RECOVERY on Wall Street failed to enthuse Toronto, where prices remained mixed in active trading.

Industrial and metal and mine issues showed some strength while oils were little changed.

Active industrials followed generally mixed trading. Canadian Pacific firmed CS% to trade at C\$15%. Bank shares showed little direction as

analysts forecast a cut in the central bank rate at today's weekly setting. Montreal was higher.

**EUROPE** 

# **Disquiet** on dollar continues

A FURTHER FALL in the dollar caused continued disquiet in Frankfurt, where the Commerzbank index plunged to its lowest level this year.

Export-oriented stocks suffered again as foreign investors sold their boldings and bnying hy some domestic institu-tions was insufficient to reverse the trend.

The Commerzbank index, calculated

at midsession, dropped 30.8 to 1,814.7 after falling 30.3 in the previous session. In a bulletin released yesterday, the Deutsche Bank said that the West German economy was well equipped to cope with a lower dollar but that a further fall could bring increased risk for the econo-

Cars and banks continued to be hammered. VW fell DM 17.50 to DM 448. BMW shed DM 12 to DM 558, Porsche DM 5 to DM 970 and Daimler DM 37.50 to DM 1,269. Tyre-maker Conti-Gummi bucked the trend, however, rising DM 7

Dresdner led banks lower, dropping DM 14.50 to DM 381, while Deutsche gave up DM 11.50 to DM 738 and at DM 283 Commerzbank lost DM 8.70.

In chemical issues, Bayer lost DM 11.50 to DM 287, Hoechst was DM 10 lower at DM 246.50, while pbarmaceutical group Schering, which sold its US Nepera unit as part of a divestment in its fine chemicals division, ended DM 20.50 down at DM 528.

Speculation that the dollar might drop to below DM 2 this year sparked activity in the bond market, pushing prices up as much as 85 basis points. Foreigners were particularly active.

The Bundesbank sold a hefty DM 104.4m worth of paper after selling DM 67.5m in the previous session.

Paris gathered steam and many issues recovered the ground lost in Tuesday's trading. Investors cited the fact that recent political tension seems to have been defused.

Among gainers, Moët-Hennessy regained Tuesday's FFr 40 fall to end FFr 95 higher at FFr 2,220, Alcatel put on FFr 80 to FFr 2,300 and BSN added FFr 85 to FFr 3.845. Amsterdam trading was featureless

and prices slipped further. Fokker, apparently unaffected by a newspaper article on the company's US expansion plans, slipped Fl 2.30 to Fl

Royal Dutch softened 20 cents to F1 188.70 as investors remained optimistic about the company's ability to ride out the slump in oil prices and amon internationals, Akzo dropped Fl 1.50 to

"IMPOSSIBLE" DREAMS COME TRUE!

WE MAKE

Banks were assisted by the round of Dutch interest rate cuts over the past week and ended unchanged to higher. ABN was steady at F1 604 after trading down Fl 2 during the day, while Amro put on 50 cents to Fl 109.

Bond prices were mostly unchanged. Milan was flat to lower, dampened by the end of July position squaring.
Institutions continued to purchase Fi-



at, lifting it to L12,300, a rise of L145 Banks were mostly mixed with BNA up L30 at L5,140 and Mediobanca L1,050 lower at L214,950.

Zurich was sharply lower on profittaking and banks sagged under continued selling pressure. Brussels turned downwards on further Wall Street falls and the closure of the two-week cycle of the forward market.

Both Stockholm and Madrid were al-

### TOKYO

# **Combination** of factors a dampener

STRENGTHENED margin trading regulations, the yen's advance to a new high and Wall Street's steep decline all comhined to dampen the Tokyo market yes-terday, writes Shigeo Nishiwaki of Jiji

But both institutional and individual investors remained relatively calm and there was no massive panic selling, analysts said.

The Nikkei average fell 181.90 - the first drop in four sessions - to 17,700.90 on volume which shrank from Tuesday's 1.165hn shares to 733.01m shares. Losses outpaced gains 637 to 287, with 89 issues

Leading brokerage houses said a correction in prices was natural after the rapid advance in the previous sessions.

Trading in steels and other low-priced large-capital stocks dropped as institu-Steel remained at the top of the active list, but its volume nose-dived from

Tuesday's 157.78m shares to only 50.95m or one-third, with the price decreasing

Y5 to Y193. Trading in Kawasaki Steel, the third busiest issue, fell from 143.36m shares to a mere 28.57m. It lost Y5 to Y200.

Nippon Kokan closed Y4 lower at Y219 and Ishikawajima Harima Heavy Indus-

tries lost Y15 to Y336. Blue chips lost ground on a wide front with investors discouraged by the yen's rise and the deteriorated business per-formance of IBM. NEC went flown Y40 to Y1,330, Hitachi Y9 to Y803 and Tochiba Y18 to Y445. Sciling was in small lots as shown by Hitachi's low volume of 2.46m shares.

Investors shifted their attention to high-priced stocks for capital gains. Computer Services soured Y280 to Y9,750, but trading was small at only 298,000 sbares. Secora advanced Y180 to Y9,440, while KDD and Tono spurted Y900 to Y32,000 and Y800 to Y24,000, re-

Among speculator favourites. Keisei Electric Railway continued to gain, adding Y34 to Y830 on the fourth largest trading of 28.28m shares, reflecting its off-the-book assets and redevelopment

projects along its track. Sanraku drew popularity in the wake of reports that Yale University in the US bad confirmed that an antihiotic developed by the company is effective in normatising cancerous cells. The distiller leaped Y64 to Y900. Kuraray and Kyowa Hakko also jumped Y50 each to Y1.980

and Y1,820. Bond prices closed lower after opening firm. The yield on the benchmark 6.2 per cent government bond maturing in July 1995 dropped to 4.715 per cent from Tnesday's 4.740 per cent, but then rose to 4.755 per cent under selling pressure. With financial institutions apparently poised to unload bonds heavily

cent, investors could not continue buying actively, analysts observed. Only the dealing sections of banks and securities bouses participated in the market with institutional investors s:tting on the sidelines.

as soon as the yield slips below 4.700 per

### **HONG KONG**

THE ABSENCE of fresb factors kept sentiment mixed in Hong Kong and prices ended slightly easier. The Hang Seng index fell 0.75 to 1,763.38.

Brokers attributed the mixed sentiment to the fact that there was no follow through buying after Tuesday's sharp rebound and that selling pressure had subsided because a Middle East institutional investor, who had recently been selling heavily, was no longer in the

Utilities were mostly higher with China Gas rising 10 cents to HK\$16.50 amid

renewed takeover speculation.
China Light was 20 cents higher at
HKS15.40, HK Telephone 10 at HK\$11.9 HK\$8.85. HK Land lost 5 cents to

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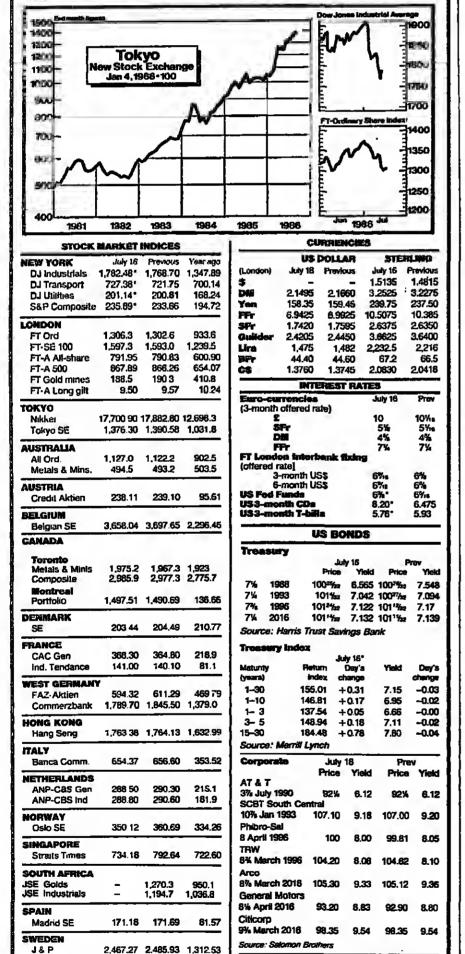
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